

Nation's Business

A USEFUL LOOK AHEAD

MARCH 1957



Key
facts
mean
better
profits

PAGE 80

Washington's new look:

Budget \$72 billion—spending \$83 billion **PAGE 29**

The White House—a different President **PAGE 34**

Government selects its responsibilities **PAGE 118**



BUICK DEALER SAYS OF GEORGE S. MAY SERVICES

"Excellent Investment!"*

GRIFFEN BUICK, INC.

1001 Fourth Avenue • Telephone SUNset 3-4483
YUMA, ARIZONA

— Variable Pitch Dynaflo —



For more than 32 years, manufacturers, resellers and service companies have called in the George S. May Company. Why? To increase profits. Because this world-wide organization of business "problem-solvers" has the accumulated knowledge and experience to improve methods, expand markets, streamline organization and increase profits. The benefits that you secure from George S. May Company service are immediate. There is no time wasted, no fumbling around. Call any of our offices. A well qualified representative will call on you without cost or obligation. Do it TODAY!

George S. May Company
291 Geary Street
San Francisco, California

July 3, 1956

Gentlemen:

I got into the automobile business in 1946. Although I was very well financed, I was completely inexperienced in this field. We went along pretty well, and sales continued to grow, until 1954. Then we began to get into trouble, mostly financial. About that time one of your men called on me. I had always been interested in suggestions as to how to improve my business, so I was ripe for your \$100 survey. I figured I didn't have much to lose and I might pick up some good ideas.

Your survey, and the subsequent work that your company did for us, completely revamped our business and accomplished the following, among other things:

1. The installation of the George S. May system of Profit and Expense Control which gives me daily figures.
2. Reduction of personnel from 21 to 14.
3. The setting up of an excellent purchasing and credit control.
4. Stoppage of parts losses and establishment of inventory control.
5. Moving of the body shop to this location.
6. Adjustment of rental from 2½% of sales to \$745 a month.
7. PLACING THIS BUSINESS FIRMLY IN MY HANDS SO THAT I CAN RUN IT AND MAKE DECISIONS INSTEAD OF HAVING MY EMPLOYEES TRY TO RUN IT FOR ME.

* In 1955, we had a loss of \$26,000 on sales of \$957,000. For the first 5 months of 1956, we had a gross profit of \$48,854 on sales of \$295,779. George S. May methods are very much at work here. Your services were an excellent investment for me and they are just now beginning to pay off. I can face the future with much more confidence since you were here.

Very truly yours,
GRIFFEN BUICK INC.

Horace B. Griffen
Horace B. Griffen
President

George S. May Company

Cable Address: GEOSMA, Chicago

CHICAGO 6, Engineering Bldg.....Financial 6-3460
NEW YORK 17, 122 E. 42nd St.....OXford 7-3900
SAN FRANCISCO 2, 291 Geary St.....GARfield 1-5244
CANADA, 1178 Phillips Place, Montreal...UNiversity 6-9152
MEXICO, George S. May Company de Mexico, S. A., Insurgentes Sur 102, Mexico 6, D.F.
VENEZUELA, George S. May Company de Venezuela, Caracas
GERMANY, George S. May International, G.M.B.H., Düsseldorf, Alleestr. 35. Telefon 80328

A few accomplishments of
George S. May service at Griffen Buick:

Reduced personnel!	Expense control!	Losses into profits!	Inventory control!	Credit control!
-----------------------	---------------------	----------------------------	-----------------------	--------------------

Do you have any of these problems?
Why not call in the George S. May Company?



Sales gain 25% in one year

—as a result of telephone idea

Last year The Fleming Company, wholesale grocers of Topeka, Kansas, invited out-of-town retail grocers throughout the company's trade area to telephone their orders for perishable merchandise *collect*. Today sales are up 25% over the same four-month period last year.

The *call-collect* idea proved a natural for The Fleming Company's perishables departments. Order taking is now on a planned schedule (each customer is asked to call regularly at an assigned time). Food is shipped more promptly. And The Fleming Company builds customer good will.

.

The telephone can work for you as it does for The Fleming Company. A telephone representative will be glad to suggest specific ideas for your business. Just call your Bell Telephone Company business office.



LONG DISTANCE RATES ARE LOW

Daytime Station-to-Station Calls

For example:	First 3 Minutes	Each Added Minute
Detroit to Cincinnati	85¢	25¢
St. Louis to Topeka	\$100	25¢
Los Angeles to Phoenix, Ariz.	\$110	30¢
New Orleans to Dallas	\$125	35¢
New York to Milwaukee	\$150	40¢

Add 10% Federal Excise Tax



BELL TELEPHONE SYSTEM

Call by Number. It's Twice as Fast.



Checklist for buyers of business planes

New executive transports, new features, new performance; put them together, and they call for an entirely new set of standards before you decide.

	YES	NO
1 Is the aircraft propjet-powered—for performance, freedom from vibration?	<input type="checkbox"/>	<input type="checkbox"/>
2 Is the cabin pressurized and airconditioned—for comfort, for personal safety?	<input type="checkbox"/>	<input type="checkbox"/>
3 Is the cruising speed on a par with contemporary airliners?	<input type="checkbox"/>	<input type="checkbox"/>
4 Can it fly more than 2,000 miles without refueling?	<input type="checkbox"/>	<input type="checkbox"/>
5 Can it land and take off on small town airfields, with single runways less than 4,000 ft. in length?	<input type="checkbox"/>	<input type="checkbox"/>
6 Can it double as a high-priority cargo carrier, with a capacity of more than two tons?	<input type="checkbox"/>	<input type="checkbox"/>
7 Can it climb to 19,000 feet on <i>one</i> engine?	<input type="checkbox"/>	<input type="checkbox"/>
8 Does it have room for conferences and work-en-route?	<input type="checkbox"/>	<input type="checkbox"/>

If the airplane you are currently considering rates even one "No" on this list, you may be settling for the second-best; if you've checked off all the "Yes" boxes, you have the Fairchild F-27 in mind—there is no other plane like it.

Address inquiries to: R. James Pfeiffer, Executive Director of Customer Relations, Fairchild Engine and Airplane Corporation, Hagerstown 15, Md.



FAIRCHILD
F-27 *Friendship*

THE FINEST AIRCRAFT FOR AIRLINES,
CORPORATION AND MILITARY SERVICES.

Nation's Business

MARCH 1957 VOL. 45 NO. 3

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

Editor
Alden H. Sypher

Adm. Assistant
Ruth D. Howard

Executive Editor
Paul McCrea

Associate Editors
George Haddock
Kenneth W. Medley
Paul Hencke
Joseph M. Gambatese
Tait Trussell

Art Director
Ralph Patterson

Adm. Assistant
Mary W. Davis

Associates
Asdur Takakjian
Charles Dunn
Thomas S. Huestis

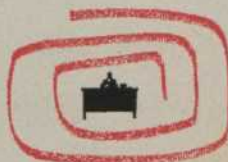
Production Manager
W. Lee Hammer

Business Manager
William W. Owens

Advertising Director
Herman C. Sturm

Circulation Manager
John C. Loest

- 7 Management's Washington Letter
- 10 Letters from Businessmen
- 14 Business Outlook: Tighter Profit Squeeze Ahead
- 21 The State of the Nation Felix Morley
- 25 Washington Mood Edward T. Folliard
- 29 Budget \$72 Billion—Spending \$83 Billion
- 32 How to Encourage Ideas
- 34 The White House—a Different President
- 36 Faulty Figures Magnify School Needs
- 38 Learn to Live with Prosperity
- 40 We Can Make Our Dollars Behave
- 42 How's Business? Today's Outlook
- 48 Three Keys to More Productivity
- 68 Where Population Growth Hits You
- 80 Key Facts Mean Better Profits
- 88 Here's Way to Fewer Government Reports
- 96 Making Leadership Effective
- 106 Talent Hunt Methods That Win
- 112 Executive Trends: Who Are Your Magic Men?
- 118 Government Selects Its Responsibilities



Nation's Business is available only by subscription
More than 750,000 subscribers

GENERAL OFFICES—U. S. Chamber Building, Washington 6, D. C. BRANCH OFFICES—New York, Chicago, San Francisco, Cleveland, Detroit, Philadelphia.

As the official magazine of the Chamber of Commerce of the United States this publication carries notices and articles in regard to the Chamber's activities; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers.

Nation's Business is published monthly at 1615 H. St. N. W., Washington 6, D. C. Subscription price \$18 for three years. Printed in U.S.A. Entered as second-class matter March 20, 1920, at the post office at Washington, D. C.

Copyright, 1957, by Nation's Business—the Chamber of Commerce of the United States.



"No! No! Anything but that, George!"



George: Please, Bill. What can *I* do? The new owners . . .

Bill: But George, that was my old desk. In my old office. I wanted my son to sit there.

George: It'll make nice kindling, Bill.

Bill: Kindling? What did I do to deserve this, George?

George: Well, for one thing, Bill, you died.

Bill: But I left a thriving business to my family. What happened?

George: You're asking *me*?

Bill: You mean the Man from Equitable was right?

George: Didn't he tell you that the more valuable the business, the higher the inheritance taxes?

Bill: Uh huh.

George: Didn't he tell you your family might have to sell your holdings—the business, in other words—to pay the taxes?

Bill: Uh huh.

George: Didn't he agree with your lawyer and banker that the new kind of Equitable policy protects your family and business?

Bill: Uh huh.

George: That Man from Equitable . . .

Bill: Yes, George.

George: He was right.



Living Insurance for Business by Equitable

FREE BOOKLET

Equitable Life Assurance Society of the U.S.
393 Seventh Avenue, New York 1, New York—Room 1807
Please send me Equitable's new booklet which explains how Living
Insurance can help solve many common business and tax problems.

NAME.....
FIRM.....
ADDRESS.....
CITY..... STREET.....
STATE..... ZONE.....



will it come to this again?

In the Old West, the waterhole meant life. And men frequently defended one with their lives.

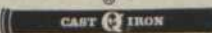
Today's need for water... if not as dramatic... is even more urgent. Our population has doubled since 1900. But our water requirements have quadrupled! Meanwhile, average rainfall does not vary from year to year. And erosion of moisture-bearing soil continues.

You can help stem this terrific drain on our water sources.

1. Encourage water officials to plan ahead.
2. Support realistic water rates and water supply bond issues.
3. Conserve water wherever you possibly can.

Water means life for *you*, too.

CAST IRON PIPE

RESEARCH ASSOCIATION  122 SOUTH MICHIGAN AVENUE, CHICAGO 3, ILL.



SERVES FOR CENTURIES!

You and your great-grandchildren will reap the benefits of the cast iron pipe installed today.

One example: this cast iron water main laid in Detroit 126 years ago is still serving efficiently. Throughout the country are many more century old cast iron water and gas mains.

Long life, dependability, minimum maintenance. These are the qualities water officials seek. And cast iron delivers them more than any other pipe!

management's WASHINGTON LETTER

►ECONOMY'S MOVING AHEAD at good pace.

That's how economists in Washington view outlook for remainder of '57.

Rate of growth may slow down a bit during final half. But growth won't stop, economy won't dip.

It'll be a catching up period--partly result of big expansion of past 2 years.

NATION'S BUSINESS survey finds:

Tighter profit squeeze ahead.

That's expression of businessmen who expect more sales, lower profit margin during remainder of year.

Costs will rise, but most industries won't pass full increase on to customers as higher prices.

Expectation is that about half cost rise can be passed on.

More efficient production will help absorb higher costs in some lines.

Note: Dividend payments may keep pace with 1956--or close to it.

►INFLATION ISN'T AT ALL INEVITABLE.

That's view of economist whose influence reaches throughout federal government.

He's Dr. Raymond J. Saulnier, new chairman, President's Council of Economic Advisers.

In NATION'S BUSINESS report he says: Economy can operate at high level of production with little price increase.

But over years ahead there'll be enormous demand for investment funds to finance private, public projects.

This means continuous pressure on savings, danger of inflation.

Danger of bursting, surging type of inflation?

No, says President's economist.

For clearer picture of what to expect from Administration in future, you'll want to know more about Dr. Saulnier and what he thinks.

He explains views on page 38.

►TAKE CAREFUL LOOK at recommendations of Cabinet Committee on Small Business.

They are attractive bait--but require close scrutiny.

Here's why:

Two of 4 proposals would provide help only to small corporations--those whose annual taxable income is \$25,000 or less.

These comprise less than 15 per cent

of total small business population.

Two proposals, embodied in legislation already introduced on Capitol Hill, would:

1. Reduce corporate normal tax rate from 30 to 20 per cent.

2. Give corporations with 10 or fewer stockholders option to be taxed as partnerships.

Critics of these proposals say more benefit would come from certain substantial changes in existing tax law, including reduction of individual and estate tax rates.

►ADMINISTRATION'S COUNTING ON more prosperity, economic growth for higher federal revenue in 1958.

Next budget expects individual income taxes to provide \$41 billion--compared to \$38.5 billion in 1957 and \$35.3 billion last year.

Estimate for next year is based on anticipated personal income rise to \$340 billion--up from \$325 billion.

Corporation income taxes are expected to take in another \$22 billion for federal government next year.

That compares to \$21.4 billion this year, \$21.3 billion last year.

The 1958 figure is based on corporation profits of \$44--up from \$43 billion.

Excise, other taxes, will bring federal government's 1958 income to \$73.6 billion--if tax rates aren't changed and if good economic outlook holds.

►DO BUSINESSMEN THINK BIG federal spending program should be cut?

Answer: Resounding yes.

That's reaction to question asked during past month at meetings in:

Los Angeles, Oakland, Salt Lake City, Seattle, Minneapolis, Chicago, Cincinnati, Dallas, Atlanta, Pittsburgh, Hartford, Detroit.

Meetings attended by thousands of business leaders from hundreds of communities reveal new surge of interest in congressional issues.

U. S. Chamber President John S. Coleman led nationwide Aircade to discuss issues crucial to business.

Local, regional leaders were asked to express opinions.

There was almost unanimous reaction

against proposed federal taxation to support:

Local school construction, more federal power development.

Biggest portion want foreign aid cut. Only 5 per cent favor increasing it.

Item: 99 per cent of Treasury Secretary Humphrey's recent mail favors budget trimming.

►YOU AIN'T SEEN NOTHIN' YET.

That's how close observers view prospect for higher government spending in years to come.

Will federal spending surpass Administration's \$71.8 billion estimate for fiscal 1958?

Yes.

Budget Bureau, others in government won't say--officially.

But here's informed guess:

When fiscal 1958 ends--year and a half from now--you can look for total spending to exceed current estimate by \$3 billion to \$5 billion.

Student of federal fiscal affairs says:

This budget is filled with indications of higher spending for years to come.

►CURRENT FEDERAL SPENDING also shows upward trend.

First estimates for 1957 were:

That receipts would total \$66.3 billion, expenditures \$65.9 billion.

Receipts are now estimated \$3.5 billion higher, expenditures \$3.2 billion higher.

Estimate now is that 1957 receipts will reach \$69.8 billion, spending \$69.1 billion.

Look for the actual total--to be announced in about 4½ months--to show even higher figures.

►DON'T OVERLOOK GOVERNMENT spending that's outside federal budget.

It's big.

Budget spending for 1958 will total estimated \$71.8 billion.

But all federal spending--actual payments to public--will reach almost \$83 billion.

Difference is made up by trust fund expenditures.

Spending of \$83 billion in year ahead compares to \$78.2 billion for current year, \$72.6 billion in 1956.

Total receipts from public--instead of \$73.6 billion shown in budget--will reach about \$86 billion.

That includes billions earmarked as trust fund receipts.

Compares to \$81.7 billion for 1957, \$77.1 billion for fiscal 1956.

►HERE'S SUMMARY OF MAJOR trust fund estimated balances to be available at start of fiscal 1959:

Federal disability insurance trust fund--\$895 million.

Federal employees' retirement funds --\$8.3 billion.

Federal old-age, survivors insurance trust--\$23.6 billion.

Highway trust funds--\$770 million.

Railroad retirement account--\$3.8 billion.

Unemployment trust--\$9.4 billion.

Veterans' life insurance funds--\$6.8 billion.

Figures are rounded.

Actual total in these trust funds by 1959 will be about \$53.6 billion.

Compares to estimate of \$51.3 billion for 1958.

Rise is from \$48.5 billion for 1957, \$45.9 billion for 1956.

►FROM INSIDE PENTAGON there's talk by top official of ways big defense budget can be cut.

1. Congressional pressure keeps armed services from closing some camps, military posts, hospitals.

2. Some Pentagon planners think part of the forces in Europe, Japan could be redeployed.

Note: With big forces overseas are 400,000 dependents.

3. If number of military posts could be reduced, some overseas forces returned, over-all size of armed forces could be reduced.

Official says:

These things could be done, make big reduction in defense cost without impairing effectiveness.

►YOU'LL HEAR MORE TALK about shipping subsidies.

They're paid by government to builders, operators to offset advantage enjoyed by foreign yards.

Here's example: The monthly wage

management's WASHINGTON LETTER

cost on representative U.S. freighter is \$30,341.

Wages on similar ship of Dutch registry would be \$7,865 a month.

U.S. subsidizes difference to make our vessels competitive in world markets.

► **PROGRESS REPORT:** "We all know that children can't spell as well as they used to spell, that only one in 100 can add and subtract with the facility of our fathers when they were boys."

That's from speech at National Educational Association meeting in 1907.

Here's another:

"Reading is worse taught than any other branch...."

"Penmanship nowadays is very inferior in point of neatness, clearness and legibility to what was commonly seen 20 or 30 years ago."

That's from educational journal published in 1857--just 100 years ago.

► **WHAT'S BIGGEST MANAGEMENT problem?**

Organization--say management experts.

Others:

Long-range planning, control in decentralized organizations, internal communications.

Shortage of managerial talent, need for yardstick to measure performance.

For latest trends in management thinking, planning, turn to new NATION'S BUSINESS feature on page 112.

► **WHO HOLDS POWER in U. S. labor unions?**

New study by University of Michigan indicates broad membership does--or thinks it does.

Researchers studied control in 4 Michigan locals, found:

Three fourths of union members interviewed believe membership as whole, not leadership, holds decisive strike power.

Members see power to ratify agreements, elect officers as key to their control.

Note: Center hopes to expand its studies of labor unions to national basis in future.

► **POWER OF SUGGESTION** can help you reduce credit risk.

William J. Cheyney, head of National Foundation for Consumer Credit, explains recent experiment.

Test was run by company which is

operating several department stores.

At one store credit customers first were told maximum installment terms store would allow, then were asked what terms they would like.

Most customers chose minimum down, took maximum time to pay.

At another store customers simply were asked what terms they'd like--without being informed of store's credit policy.

Average down payment was larger, pay period shorter.

Lesson:

Most customers are willing to pay up faster than store policy requires.

► **WHY DO PEOPLE SAVE?**

Reasons are probed by University of Michigan's Survey Research Center in national study for Federal Reserve report due soon.

Here's preview:

People save for retirement, old age, children's education.

Big percentage of middle income families set cash aside to buy home.

Urge to save, survey finds, is as great today as 5 and 10 years ago.

Noteworthy finding:

Desire to save is unaffected by rise of installment debt, growth of pensions, social security, inflation.

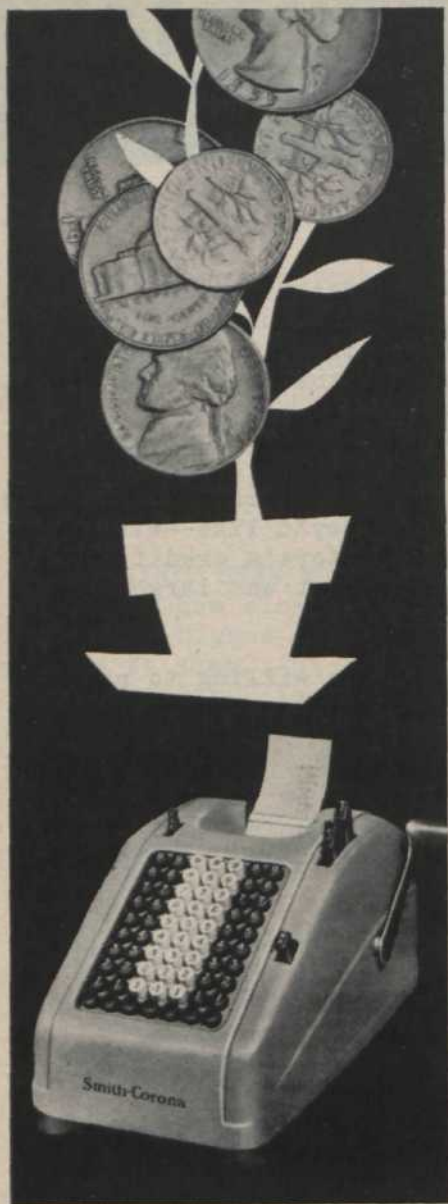
► **LOOK FOR:** Huge organizing effort to get 13 million white collar workers to join unions. About 120 organizers will get the job under way....

Growing business concern about inflationary affects of big government spending. Chamber President John S. Coleman says: \$5 billion cut is "absolutely essential" to national economy....

More people to retire before age 65. Social Security law now makes possible retirement early as age 60 with benefits starting at age 65....

Right-to-work issue to be debated when civil rights legislation comes up on Senate floor. Senator Goldwater is pushing amendment to protect workers' right to get, hold job without joining union, right to join union without losing job....

Construction costs to continue rising at about present rate of increase. In many cases labor rate increases have been agreed upon for 2 years ahead.



PROFITS

... watch them grow with a
Smith-Corona adding machine!

Count on a Smith-Corona to insure accurate records, profitable operation, better bookkeeping. Nowhere else do you get so much adding machine for so little money: Low cost; speedy operation; years of trouble-free use. Get a Smith-Corona—lowest-priced, full-featured adding machine in America. As little as

\$94⁵⁰*

Model shown, \$112.50*

*Prices for all states permitting Fair Trade Laws. Subject to change. F.E. Tax extra.

SMITH-CORONA INC.
105 Almond Street, Syracuse 1, N. Y.
What you say adds up to good business sense!
Rush information and tell me where I can see
and try a Smith-Corona adding machine.

Name _____
Address _____
City _____ Zone _____ State _____

Letters from businessmen

Schoolman speaks

As a consistent reader of NATION'S BUSINESS, I was impressed with the February article, "Six-Step Plan Avoids Federal Aid."

I am very much opposed to federal aid to public schools either for current expenses or school building construction. May I suggest that a reprint of this article be sent to every member of Congress. I feel certain that just as Ohio met its school building needs, every state in the union could meet its school building responsibilities with its own resources.

I would like to go even further and propose that all federal aid now being granted to education be wiped out. I would include in this school lunch reimbursement, vocational subsidy for the several curricula of the public schools.

PAUL S. CHRISTMAN,
Superintendent,
Schuylkill Haven Public Schools,
Schuylkill Haven, Penn.

Railroader objects

The article in your February issue, "Company Profits Where U.S. Fails," cannot but make a railroad man bite nails, his own or 10-penny.

It is discouraging that a business magazine will refer to the "low cost of barge transportation" immediately after stating that the Engineers Corps is spending \$129 million for navigation projects this fiscal year and has a backlog of authorized projects of \$8.5 billion. In truth, barge transportation is the most expensive of all, and only a rich country with complacent taxpayers can afford it.

In 1950, the Mississippi River system had cost about \$250,000 a mile as compared to an average railroad investment of \$125,000 per mile.

A barge cannot move freight at "rates as low as one third the cost by other means of transportation"—it's just that the government is paying the other two thirds, plus a good deal more.

The barge lines have justified this immense subsidy on the grounds that they must be available in time of national emergency to relieve the railroads. Actually, however, in time of war, river traffic shifts to the railroads and barge operations ex-

perience a substantial decline.

The taxes paid by these subsidized carriers are negligible compared to the tremendous cost of keeping the rivers open and, of course, are astonishing to a railroad man.

Your article states that Federal Barge has paid \$500,000 in taxes since September, 1953, or approximately \$200,000 a year. Compare this to the state and local taxes of \$7 million paid in 1955 by the railroad that parallels Federal's operation. If this comparison seems unfair it may be shown that in 1950 barge companies paid about one cent in operating taxes for each dollar of their income as compared to approximately 12 cents on each dollar paid by the railroads.

ROBERT S. DAVIS,
General Tax Counsel,
Missouri Pacific Railroad Co.,
St. Louis, Mo.

Rebuttal

Have just finished reading your third issue of your magazine. In rebuttal to Ray Boberg, LaCrosse, Wis. [Letters, February issue], you may continue to send this worthwhile magazine as we find many points of interest and observation. There is an old proverb, "None are so blind as those who will not see."

Our microscopic organization also has three people employed and we find that Big Business, as he puts it, has everything to do with the success of us little guys. Thanks for a world of information; keep up the good work.

EDDIE ERTZ,
Owner-Manager,
American Fire Protection Co.,
Portland, Ore.

Finding time

In one issue there was a very stimulating article on the use of time and the avoidance of the waste of it.

The exact title slips my mind, but the quality of the article remains [Make the Time You Need, October issue].

If you have a spare copy could you tear out that article and send it to me?

MORRIS B. PENDLETON,
President,
Proto Tool Company,
Los Angeles, Cal.



Paul DeKoning, President of Jantzen, Inc., says:

"I send her out in the worst weather!"

"But I've got to! Top-fashion Jantzen swimsuits are rushed to the stores in mid-winter to beat competition for cruise and resort wear.

"Speed is essential. The styles that catch on are followed by big re-orders.

"To meet the demand — before our competitors do — we rely on Air Express!

"Our swimsuit factory here in Portland, Oregon uses Air

Express to ship all over the country. Air Express never fails us.

"Air Express is using radio-controlled trucks to hustle shipments on the ground to and from airports. And any shipment can be instantly traced by the new Air Express private teletype system.

"Yet, we save money by specifying Air Express. For instance, a 10 lb. shipment from Portland, Oregon to Kansas City, Missouri costs \$6.66. That's 57¢ less than any other complete air service."



Air Express



30 YEARS OF GETTING THERE FIRST via U. S. Scheduled Airlines

CALL AIR EXPRESS . . . division of RAILWAY EXPRESS AGENCY



WHY INDUSTRY IS



MOVING TO CHESSIE'S RAILWAY

The lady who didn't talk

Once, in the course of the intricate negotiations which are always involved in locating a major industry, we found it necessary to take some responsible local citizen into our confidence. The person who could help us most was the editor of the paper.

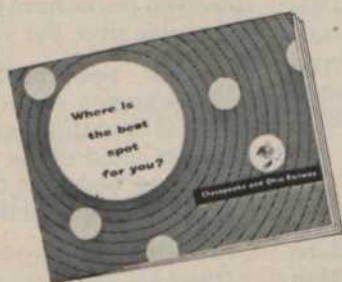
At first our client was highly skeptical. He just didn't think any editor could be trusted with an interesting secret. And to make matters worse, this editor was a woman!

But we had complete faith in the lady, and the client accepted our judgment. For two years, while all the details were worked out and site options obtained, this was the best-

kept secret in town. And at the end of the two years the lady editor was rewarded with one of the biggest scoops of her career.

The people of C&O's Industrial Development Department know their territory. They know its history, its geography, its economics and its people. They know who to trust and when to be cautious. They can count on cooperation that no stranger could ever get.

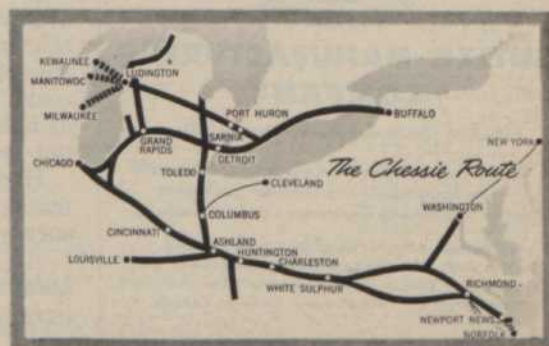
If you are looking for a site, let this Department help you. You will get every possible assistance, and your inquiry will be handled in complete confidence.



Write for new booklet describing industrial resources and opportunities in C&O territory. Address: Wayne C. Fletcher, Director of Industrial Development, 3202 Terminal Tower, Cleveland 1, Ohio.

Chesapeake and Ohio Railway

SERVING: VIRGINIA • WEST VIRGINIA • KENTUCKY
OHIO • INDIANA • MICHIGAN • SOUTHERN ONTARIO



**These days...
wonderful
buildings are
made in factories**



Stores, factories, offices, warehouses—Butler buildings meet a wide range of needs. Do a better job for far less money.

**by BUTLER
and they cut
your building
costs**

Metal buildings made in factories—so complete that erection is only a bolting job! Metal buildings so well designed and precision-made that no field flashing or tailoring is needed. These are Butler metal buildings. They perform every function of conventional structures, yet they cost less to buy, less to erect, less to expand, less to change, less to maintain! Butler buildings cost less to build, less to own! Get all the facts from your Butler Builder. His name is listed under "Buildings" in the Yellow Pages of your telephone directory. Or write direct.



**BUTLER MANUFACTURING
COMPANY**

7456 East 13th Street, Kansas City 26, Missouri

Manufacturers of Steel Buildings • Oil Equipment
Farm Equipment • Dry Cleaners Equipment
Outdoor Advertising Equipment • Special Products

Sales offices in Los Angeles, Richmond, Calif.
Houston, Tex. • Birmingham, Ala. • Minneapolis, Minn.
Chicago, Ill. • Detroit, Mich. • Syracuse, New York, N.Y.
Washington, D.C. • Burlington, Ontario, Canada

BUSINESS OUTLOOK:

Tighter profit squeeze ahead

That's prospect for remainder
of 1957—shown by special
Nation's Business survey

A LARGER volume of sales but a narrowing margin of profit is in prospect for the remainder of 1957.

That's the view of both businessmen and government.

The opinions of businessmen are shown by a special NATION'S BUSINESS survey of trade associations representing major industries in manufacturing.

About half of those taking part indicated that their industries expect larger sales in 1957 than last year. About a fourth expect sales to remain about the same and another fourth expect smaller sales.

About three fourths, however, expect the larger volume to produce a smaller margin of profit. Most of the remainder expect the profit margin to remain about the same.

Every one of the executives said his industry expects rising costs for labor and materials during the year. The increase is indicated as between one and five per cent. Less than a fourth expect costs to rise as much as 10 per cent.

About a fourth said none of the cost increase would be passed on in the form of product price increases. Some indicate higher costs will be absorbed by increased production efficiency. Another fourth expect to pass on more than half of the higher costs. The remainder will pass on up to half of the higher costs, or have not yet determined their action.

Here are some examples of the remarks made in response to the survey:

Lumber—The primary market for lumber is houses. It's expected that

this market will not equal 1956 levels during 1957.

A plentiful supply of lumber may serve to depress lumber prices in some areas.

Plumbing fixtures—The number of pieces shipped may remain about the same due to the trend toward two and three bathrooms per house. However, severe competition will force prices lower so that net dollar value of shipments may be lower than 1956.

Air conditioning—The actual cost increase will probably be offset by improved efficiency of production and higher sales.

Chemicals—Competition now is expected to force the industry to absorb much of the cost increases. Chemical prices have been traditionally stable over the years.

Conveyor equipment—This past year set such a record of shipments that it is doubtful that 1957 will top it, but it could easily turn out to be the second best year for sales, judging from the predictions of capital expenditures.

The government prediction on profit margins was indicated in the President's Budget Message for fiscal 1958. He anticipated that the federal government's budget receipts will reach \$73.6 billion. Of that sum, \$41 billion is expected to come from individual income taxes. That's an increase from \$38.5 billion estimated for fiscal 1957, and higher than 1956's actual income of \$35.3 billion. This federal income is based

annual statements ☆ THE HOME ☆ Insurance Company

Fire • Automobile • Marine

and THE HOME INDEMNITY COMPANY

HAROLD V. SMITH
Chairman of the Board
KENNETH E. BLACK
President

DIRECTORS

The Home Insurance Company

LEWIS L. CLARKE
Banker

HAROLD V. SMITH
Chairman of the Board

FREDERICK B. ADAMS
New York City

ROBERT W. DOWLING
President,
City Investing Co.

GEORGE GUND
President,
The Cleveland Trust Co.

HAROLD H. HELM
Chairman of the Board,
Chemical Corn Exchange Bank

CHARLES A. LOUGHIN
Vice President &
General Counsel

IVAN ESCOTT
Montclair, N. J.

PERCY C. MADKIRA, JR.
Chairman of
Executive Committee,
Trademarks Bank & Trust Co.

CHAMPION McDOWELL DAVIS
President,
Atlantic Coast Line Railroad Co.

WARREN S. JOHNSON
Director,
Wachovia Bank &
Trust Company,
Wilmington, N. C.

HENRY C. BRUNIE
President,
Empire Trust Company

HARBIN K. PARK
Chairman of the Board,
The First National Bank of
Columbus, Georgia

LEROY A. LINCOLN
Chairman of the Board,
Metropolitan Life
Insurance Company

THOMAS J. ROSS
Senior Partner,
Ivy Lee and T. J. Ross

HENRY C. VON ELM
Honorary Chairman
of the Board,
Manufacturers Trust Company

JOHN M. FRANKLIN
President,
United States Lines Company

LOU R. CRANDALL
President,
George A. Fuller Company

KENNETH E. BLACK
President

LEONARD PETERSON
Vice President

HERBERT A. PAYNE
Vice President & Secretary

J. EDWARD MEYER
President,
Cord Meyer Development
Company

ARTHUR C. BABSON
Vice President,
Babson's Reports, Inc.

ROBERT G. GOELET
Real Estate

Balance sheet of THE HOME INSURANCE COMPANY, December 31, 1956

Admitted Assets

MARKETABLE SECURITIES	
United States Government Bonds	\$ 59,158,935.53
Other Bonds	110,756,999.51
Preferred and Common Stocks	229,841,647.75
	<u>\$399,757,582.79</u>
Cash	26,103,879.06
Investment in The Home Indemnity Company	20,928,856.00
Real Estate	6,842,863.96
Agents' Balances	23,014,578.38
Other Admitted Assets	7,369,748.10
Total	<u>\$484,017,508.29</u>

Liabilities

Reserve for Unearned Premiums	\$187,556,977.00
Reserve for Losses and Loss Expenses	39,826,429.68
Reserve for Taxes Payable	4,725,000.00
Reserve for Reinsurance	2,172,701.49
Dividends Declared	2,000,000.00
Other Liabilities	4,035,917.08
Total	<u>\$240,317,025.25</u>
Capital Stock	20,000,000.00
Surplus	223,700,483.04
Surplus as Regards Policyholders	<u>\$243,700,483.04</u>
Total	<u>\$484,017,508.29</u>

Bonds carried at \$6,102,402.42 amortized value and cash \$82,500.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Based on these values the stocks of The Home Insurance Company exceed the book value by \$129,828,364.37 at December 31, 1956.

Balance sheet of THE HOME INDEMNITY COMPANY, December 31, 1956

Admitted Assets

MARKETABLE SECURITIES	
United States Government Bonds	\$ 21,127,691.28
Other Bonds	25,034,306.70
Preferred and Common Stocks	12,589,687.50
	<u>\$ 58,751,685.48</u>
Cash	1,706,007.28
Agents' Balances	6,466,502.94
Other Admitted Assets	1,445,568.49
Total	<u>\$ 68,369,764.19</u>

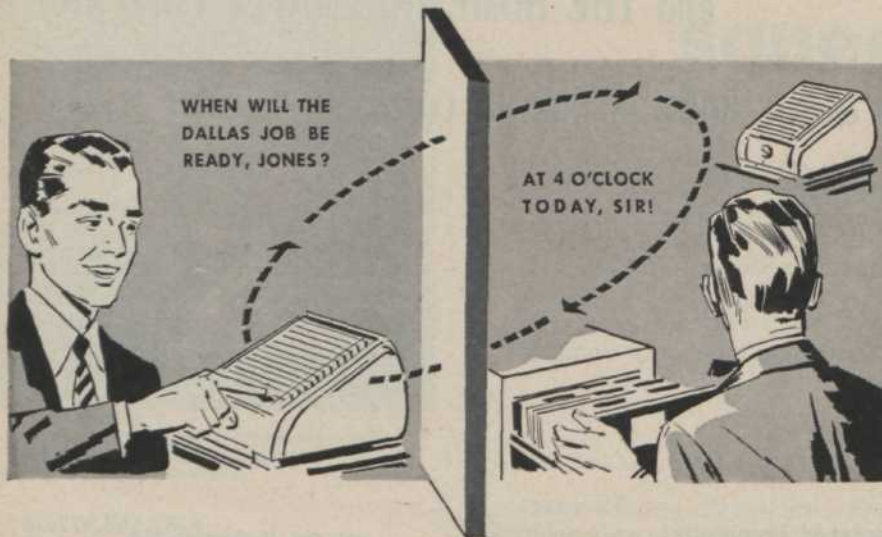
Liabilities

Reserve for Unearned Premiums	\$ 20,692,483.00
Reserve for Losses and Loss Expenses	24,551,730.00
Reserve for Taxes Payable	928,000.00
Reserve for Reinsurance	258,408.00
Other Liabilities	1,006,430.08
Total	<u>\$ 47,437,051.08</u>
Capital Stock	1,500,000.00
Surplus	19,432,713.11
Surplus as Regards Policyholders	<u>\$ 20,932,713.11</u>
Total	<u>\$ 68,369,764.19</u>

Bonds carried at \$1,090,000.00 amortized value in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Based on these values the stocks of The Home Indemnity Company exceed the book value by \$5,115,568.87 at December 31, 1956.

HOME OFFICES: 59 MAIDEN LANE, NEW YORK 8, N. Y.

How to get more working minutes per hour!



There's no need for personnel to waste valuable time walking back and forth for information and instructions. With Executone Intercom they just push a button and talk—*instantly!*

Walking time becomes *working* time. Telephone lines are

kept open for outside calls; roving employees are located *immediately!* Production is increased, costs are cut.

Installations in every type of business and organization *prove* that Executone *pays for itself many times over!*



Don't Walk...Talk!

ACT NOW!

PLUS "BUILT-IN" COURTESY!

Executone protects your privacy, never interrupts. Its Chime-Matic® signalling announces calls by soft chime and signal light! Mail coupon below and find out how *courteous* Executone pays for itself in more *working* minutes per hour!

Executone
INTERCOM AND SOUND SYSTEMS

EXECUTONE, Inc., Dept. U-3, 415 Lexington Ave., New York 17, N. Y.
It sounds interesting. Send me the following—
at no cost or obligation:

☐ "Talk Lines"—Case history magazine

Information on:

☐ Switchboard Relief

☐ Inter-Office & Plant Communication

☐ Locating Personnel

☐ High Noise Level Coverage

Name _____

Firm _____

Address _____

City _____

In Canada—331 Bartlett Ave., Toronto

PROFIT SQUEEZE

continued

on personal income of \$340 billion during calendar 1957, which is a rise from the \$325.5 billion personal income of 1956.

Federal income from corporation taxes, however, is expected to rise very little. The 1958 budget expects corporations to pay \$22 billion in taxes on \$44 billion income. The 1957 tax will bring an estimated \$21.4 billion as the government's share of about \$43 billion in income. In 1956 corporations paid \$21.3 billion in taxes.

This shows the government's expectation that, while personal income will rise, corporation income will rise only slightly, if at all.

The President's Council of Economic Advisers reporting to the President and to Congress on the state of the nation's economic health, reflected three primary economic concerns. One, of course, is the unsettled world situation, while the second is the rising pressure of higher prices.

The third, significantly, is the new squeeze on profit margins.

Here's what the Council says on the profit squeeze:

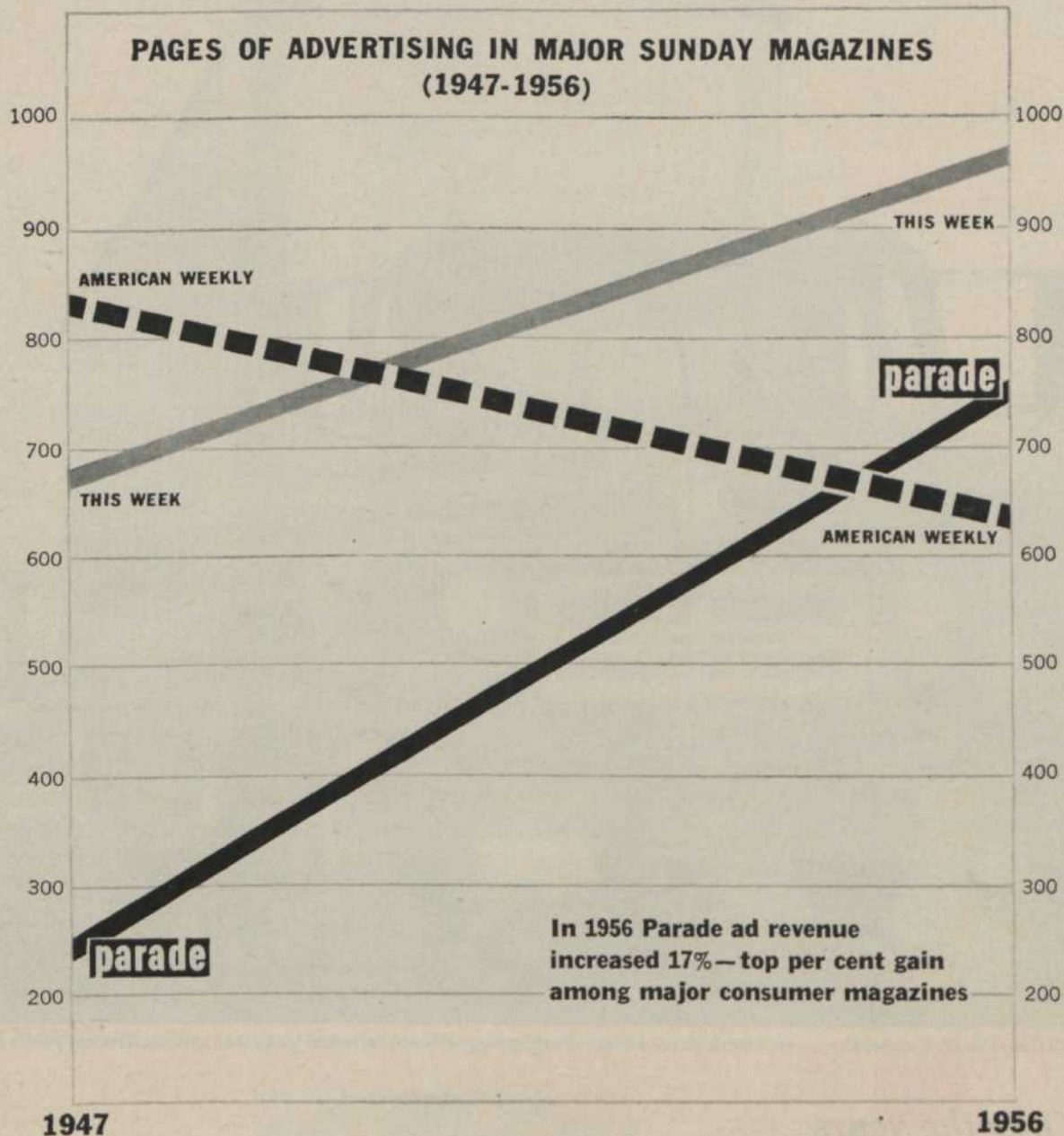
"Although there were indications of improvement at the close of 1956, profit margins and total profits in many industries were reduced by rising costs. In some cases, declining profits tend to accelerate capital outlays, as businesses seek to reduce costs through the installation of more efficient productive facilities; in others, capital outlays are adversely affected, as lower profits reduce both the incentive and the financial ability to maintain or augment these expenditures. Finally, while the flow of new savings available for investment should remain large, meeting the prospective heavy private demands for funds and those of state and local governments will continue to pose problems of timing and balance in the capital markets."

The Council points out that these uncertainties which "inevitably arise in a dynamic economy present a challenge to government and to individuals and economic groups to meet their respective responsibilities for maintaining stable economic growth."

The over-all prosperity which the nation now enjoys, the Council says, can extend into the months ahead. "... The capacity of our economy to provide... high levels of employment, production, and purchasing power... will be further enhanced."

END

Let's look at the Record!



A Sunday reading habit in more than 7 million homes

You get the proof from their adding



On Chicago's Congress St. Expressway, as on superhighways everywhere, more goods are delivered by INTERNATIONAL Trucks—heavy-duty sales

Over the years
International Trucks cost least

Cost records prove it, and adding machines don't lie!

INTERNATIONALS cost *least* to own of any trucks because they're built that way: built to do any truck job better, do it longer, and at lower cost.

Every INTERNATIONAL is built that way, from a half-ton pickup to the biggest off-highway model.

There's *no* compromise with quality. The policy on features, components and parts is: "Make it *right*." IH will spend more to

build the truck, so that it will cost you *least* to own.

Next time you need a truck, keep this information in mind. Then stop and talk to your INTERNATIONAL Dealer.

INTERNATIONAL HARVESTER COMPANY • CHICAGO

machines! ...



Cost records of the men who make their living hauling America's products millions of miles each year *prove* that INTERNATIONAL Trucks *cost least to own!** And what is true for them is just as true for you.

*Signed statements in our files, from fleet operators throughout the U.S., back up this statement.



leader for 25 straight years!

to own!

*Take your choice
from the world's
most complete
truck line!*



How long since you took the wheel of an INTERNATIONAL pickup? If you now own any light-duty truck, accept your local INTERNATIONAL dealer's invitation to compare it for comfort, handling, power—you name it. And remember, over the years INTERNATIONAL Trucks *cost least to own.*



Motor Trucks • Crawler Tractors • Construction Equipment
McCormick® Farm Equipment and Farmall® Tractors



"We're taking no more chances on protection for our business"

says MR. CLARK CARUTHERS, President



Clark Caruthers
President
Todd Studios, Inc.
St. Louis, Missouri
Hardware Mutuals
File No. 7-22W12-66

"It's a sure bet that you can't gamble on insurance protection for a business.

"After many attempts to sell us on the need, our Hardware Mutuals representative finally persuaded us to sign the applications at 3:00 p.m. one day.

"At 7:00 o'clock that evening I got the word. Firemen were busily fighting spreading flames from a building next door to our plant.

"Our loss only amounted to about \$1,300, which Hardware Mutuals paid on our 4-hour-old policy. But you can be sure of one thing! We sat right down with our Hardware Mutuals man and listened as he explained his recommended program of protection for our business.

"Now, we have a broad fire and casualty insurance program, including business interruption protection. We're taking no more chances.

"I'd suggest you see your Hardware Mutuals man. He can take the element of luck out of protection for your business, too!"

The Policy Back of the Policy®

Careful planning for adequate business protection is a certain safeguard when you consult with your Hardware Mutuals representative. Let the people of Hardware Mutuals demonstrate the true meaning of our nationally known *policy back of the policy®* for you.



Insurance for your AUTOMOBILE... HOME... BUSINESS

Hardware Mutuals®

Stevens Point, Wisconsin · Offices Coast to Coast

HARDWARE MUTUAL CASUALTY COMPANY
HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY

Hardware Mutuals NB37
200 Strongs Avenue
Stevens Point, Wisconsin

Send details of planned protection for my business.

Name _____

Street _____

City _____ Zone _____ State _____



THE STATE OF THE NATION

BY FELIX MORLEY

New factors hold fate of Ike's program

THE FIRST session of the 85th Congress is now well under way. So it is possible, as well as timely, to consider how certain unprecedented circumstances are affecting the functioning of our federal government. An occasional checkup on its operation, under the strain of modern traffic, is certainly as important as the similar attention which we give as a matter of course to the family car.

One wholly new factor is the definite certainty that this is the last term of the President now in office. Prior to adoption of the Twenty-second Amendment there was always the possibility, as F.D.R. so clearly demonstrated, that the Chief Executive might disregard the two-term tradition. This gave the President, for the duration of his office, a command over his party which he no longer possesses in quite the same degree. The point is implicit in all the speculation aroused by Senator Knowland's decision to free himself, next year, from his commitments as Senate Republican leader.

A second extraordinary factor, also weakening the executive authority, is the present control of both Senate and House by the opposition party. The effect of this situation, almost unique at the beginning of a presidential term, is not minimized by suggesting that, in domestic policy, Eisenhower Republicanism is scarcely distinguishable from New Deal "liberalism," and that in foreign policy

bipartisanship is now widely advocated. More fundamental is the fact that, to maintain party government, the Opposition must on occasion actually oppose the Administration, or else abandon its essential purpose of assuming control as soon as the electorate will permit.

Offsetting these two novel factors, however, is the almost equally unprecedented personal popularity of Dwight D. Eisenhower. Though hampered by a Constitutional limitation of tenure, and by a Congress which he must placate, Ike is nevertheless fortified by that majority of more than nine million voters who verified their liking for him last November. Which of these contradictory alignments will prove the stronger will undoubtedly become clear during the present session.



What one would expect, as a result of this interplay of political forces, is that the President will have his way on any issue which he can carry convincingly to the people—on any particular appointment or bill for which he goes all out. But, by the same token, Administration proposals to which a President so situated does not unreservedly commit himself will have rough sledding. Wherever the President's personal convictions do not seem to be deeply involved, the opposition is likely to be stubborn, the more so because it must be compliant whenever the popular leader decides to capitalize

State of the nation

on the esteem that is his. Under the given circumstances, this is what the political theorist would anticipate.

And the few weeks since the inauguration have already given evidence that the actual trend of politics conforms to the logic of the situation. The first instance, on a minor matter, came right at the outset of the session. Among Republicans in Congress there had been considerable criticism of the naming of H. Meade Alcorn, Jr., of Connecticut, as the new chairman of the Republican National Committee. But as soon as the President specifically expressed his preference for Mr. Alcorn, this intraparty opposition shriveled.

The first piece of legislation requested from the Congress by the White House provides a sharp contrast, in outcome as well as in importance. In proposing the removal of congressional controls over the expenditure of foreign aid in the Middle East, the President contented himself with inconclusive generalities. Immediately influential Democratic senators buzzed his Secretary of State like a swarm of hornets. Calling this shadowy adumbration of intentions an "Eisenhower Doctrine" was of no avail, since any doctrine must be definable in a manner which the President did not even attempt. Undoubtedly Secretary Dulles encountered the more hostility here because he could be made a separate target, apart and distinct from his inviolable chief.

It is, of course, impossible for any President to give every objective of his Administration equal rating and back it with equal fervor. An order of precedence has to be arranged, and it must accord with the will of those who hold the reins in Congress. Therefore, in Mr. Eisenhower's delicate position, it becomes more than customarily important to divide the legislative program into really urgent and obviously postponable parts. That is the important division, even though it would be tactless to use the second label. Since the Democratic opposition must block some measures, to justify itself as a political party, it is clearly good strategy for the White House to deflect that inescapable antagonism to those issues on which it can take defeat with equanimity.

This differentiation between what really must and what merely might well be accomplished by the 85th Congress has not been clearly made. From the attempt to place it at the top of the Calendar one might assume that federal aid to education is more important than any other single domestic issue—a conclusion that certainly can and should be questioned. In the field of foreign policy, also, there has so far been a similar failure to distinguish

between the imperative and the less essential. This general equality of importance was indeed emphasized by the President in his Second Inaugural Address, where he said: "We recognize and accept our own deep involvement in the destiny of men everywhere."

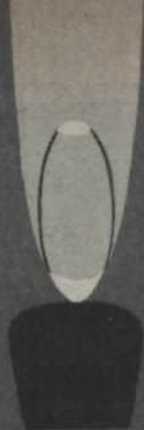
That is a very large order. Vast as are the physical, technological and financial resources of the United States, they are not unlimited. If deployed everywhere, in equal magnitude, even American strength will soon be overtaxed and therefore unable to achieve its objectives. Indeed there are already clear indications, especially in the resumption of not-so-creeping inflation, that strains on the American economy have risen close to the maximum point of safety. For the strongest of nations, as for the strongest of men, there is a limit beyond which responsibilities, even if accepted, will not, because they cannot, be fulfilled.

For economic and fiscal, as well as for political, reasons it is therefore important for President Eisenhower to divide his legislative program into indispensable and dispensable parts. Knowing this to be his last term, the President will naturally want to accomplish all that is humanly possible. His deep humanitarianism as well as his dynamic energy will constantly stimulate him to press for the maximum in achievement. Nevertheless, as Secretary Humphrey both sees and says, some quite possibly desirable measures should be cut down by Congress. The government cannot accept a "deep involvement in the destiny of men everywhere" and still maintain the financial stability on which the success of all its undertakings depends.

President Eisenhower has proved himself not only a statesman in the larger sense, but also a practical politician of no small capacity. It may, therefore, be assumed that before the session is much older he will soft-pedal certain highly controversial projects, concentrating on those which, through their intrinsic merit and through the tactful exercise of White House influence, can more surely run the congressional gauntlet. But even if Ike should fail to show this discrimination, the end result would probably be the same. His program would be circumscribed and cut down to size by the will of Congress rather than by the executive good judgment we may expect.

This may be said with assurance because the essence of our form of government is balance of power, and precisely that is emphasized when the Congress and the Presidency are controlled by rival parties. A President with a rubber-stamp Congress, as we had for a time under the New Deal, is not in the American tradition. A President and Congress working harmoniously because their separate functions gear smoothly, and not because one grinds the other down, is the American ideal, and is what we have today.

a touch of



a button

instantly
finds just the
right card
record
out of
thousands*



* up to 80,000
depending on
card size.

KARD-VEYER

TRADEMARK

One of the thousands of REMINGTON RAND® products and systems for the filing, finding, storing, housing, condensing, protecting, controlling or copying of records. For the complete KARD-VEYER story, write for free booklet (LBV706) to Remington Rand, Room 1311, 315 Fourth Avenue, New York 10.

by Remington Rand

DIVISION OF SPERRY RAND CORPORATION



"We spent considerable time and effort to find the best possible location for this new plant. Punxsutawney, Pennsylvania met all of our requirements"... says President D. E. Broggi of Neptune Meter Company.

THERE MUST BE A REASON...

Neptune Meter Company built its new 50,000 square foot precision gas meter plant

IN PENNSYLVANIA



"Not long ago, one of our Divisions decided to market an entirely new line of precision gas meters" says Mr. Dante E. Broggi, President of Neptune Meter Company, New York, as he tells why his Company's Superior Meter Division chose a Pennsylvania location for its new meter plant.

"Our production facilities couldn't be expanded to make the new meters, so another plant was needed. Because meters are precision instruments and have to be made with great skill and care, our most important consideration in selecting the plant site was *the kind of people who would be working with us*. This consideration, combined with the others listed below, led to our choice of Punxsutawney, Pennsylvania.

1. "Availability of workers who are capable of performing the skills required of them.
2. "Favorable and friendly attitude of labor in the chosen Punxsutawney region.

3. "The local Industrial Development Fund financed construction of our building on very attractive terms. This type of community spirit assures *continued cooperation* by the people in the area.
4. "The town is within overnight trucking distance of our major markets which spread eastward from the Mississippi to the Atlantic.
5. "Small community living has a strong personal appeal for our technical and scientific personnel. Still, we are only a short drive from Pittsburgh's cultural, educational and research facilities."

"These points make up a hard-to-beat combination... and we are thoroughly satisfied that we made the right choice."

To get detailed information on Pennsylvania advantages for your new plant, write or call—

Pennsylvania Department of Commerce
Main Capitol Building, 453 State Street
Harrisburg, Pennsylvania
Phone: CEdar 4-2912

Special reports and tabulations, tailored to your specific location requirements, will be prepared upon request by engineering and economics specialists, covering:

Labor—Availability, skills, rates, surplus areas.

Markets—Consumer, industrial product, state, regional.

Transportation—Water, rail, truck, air transit time, costs.

Building—Availability, sizes, location, descriptions.

Sites—Acreage, topography, utility services, photos, maps; industrial districts.

Financing—Community-state industrial building program, lease-purchase, commercial credit.

Materials—Metals, industrial chemicals, wood, textiles, farm products.

Minerals—Location, reserves, potentials, analyses.

Water—Quantitative, qualitative analyses.

Power—Capacity, network, industrial services, costs.

Fuel—Coal, oil, natural gas service, costs.

Engineering—Schools, enrollment, specialization, research laboratories, services.

Taxes—Inter-state and community comparisons, assessment ratios, millages, corporate.

Communities—Characteristics, size, regions, housing, schools, culture, recreation.

Industrial Representatives Available for Inspection Tours, Conferences and Consultations

Trends

of Nation's Business



LIEBERMAN-BLACK STAR

WASHINGTON MOOD

BY EDWARD T. FOLLIARD

Spending philosophy and price rises are Washington's new storm centers

NEXT TO AVOIDANCE of war, the problem uppermost in President Eisenhower's mind just now is rising prices. He says the trend must be checked.

He is counting on business and labor to help out by curbing a natural desire for profits and high wages. He says he is not asking them to be "altruistic," but to realize that their long-term interests are involved—and to realize, too, that unless they do show restraint the Government will have to move in with controls over prices and wages.

Some of the President's critics here—notably conservatives in his own Republican Party—charge that he has swallowed the tax-and-spend philosophy of Roosevelt and Truman and is creat-

ing a welfare state with a GOP label. This, they say, explains the rise in living costs.

For most of his first term, the President was able to say with justifiable pride that his Administration had cut government spending, halted inflation and established a sound dollar. But last year, despite a balanced budget and the tightest money market since World War II, the cost of living rose nearly 3 per cent. Not only that but inflationary pressures have continued to build up.

The Chief Executive is very much alive to the situation. Although he was a professional soldier for 40 of his 66 years, he is pretty well versed in economics. This should not be surprising, because economics is a must subject of study in the Army schools that prepare officers for high command. At any rate, the reporters who attend General Eisenhower's press conferences are not at all surprised when he launches into a discourse on the economic state of the Union.

Here is the way it goes:

REPORTER: "Mr. President, do you believe the price increase must be checked in the coming years?"

THE PRESIDENT: "Yes, I believe it must be checked. There are two types of inflation. One is just cheapened money, deficit spending, borrowing from our children, from the future, and printing new money against it. That brings rising prices because the money itself is cheapened.

"Then there is the [price rise] brought about by the efforts of all the people to gain a bigger portion of the results of our great productivity.

"And, finally, you get to the point—and whether or not we have gotten to it yet, I don't know—where you cannot attract money, capital investment money, that will build the factories that give 67 million people their jobs, because lying behind every job in America is an investment along the order of \$15,000 to \$17,000. That money has got to be accumulated.

"Consequently, if you continue going up too rapidly in one area, say, the labor area, then prices go up to a point where you just simply can't keep things in order."

Hardly anybody in Washington thinks that business can or labor will show restraint in the matter of profits and wages. Former President Truman, it is recalled, made the same appeal, but with no success at all. The skeptics argue that no President can overcome human nature and self-interest, not even one as popular and as persuasive as the one who now occupies the White House.

Maybe he is being naive, but President Eisenhower seems to be optimistic on this score. At one of his press conferences, he said:

"Now, I believe this: A country such as ours, believing as it does in the freedom of the people to work out their own fate, will develop—and

Washington mood

probably has already developed in some quarters, at least—business and labor leadership that is sufficiently wise and far-seeing to help solve this problem and keep it within bounds.”

The President's warning on Feb. 6 that government controls might be necessary was not well received on Capitol Hill. Senator Harry F. Byrd, Virginia Democrat and eminent Treasury watchdog, suggested that the President himself might help by cutting government expenses.

The Democrats would not be human if they did not feel like taunting the President for his new \$72 billion budget, the biggest in this country's peacetime history. They still remember the going-over they got from him in the 1952 campaign—the charges about “waste and extravagance,” “crazy spending,” “the mess.”

Now the Democrats are crying out about heavy spending, and at the same time accusing the President of stealing their reforms.

But the harshest criticism is coming, not from the Democrats, but from conservative Republicans. Workmen were still tearing down the inaugural stands when Rep. Noah M. Mason, Illinois Republican, unloosed this blast:

“Mr. Speaker, what is the ‘New Republicanism’ that President Eisenhower talks about? According to his own description of it—judging from his messages to Congress—it is a program that will bring into being a welfare state with unlimited spending, centralized power in Washington, taking more and more of the taxpayers' earnings through taxation, and building up a vast bureaucracy to do for the people what they should be doing for themselves.

“What is this ‘New Republicanism’ if it is not the old Harry Hopkins–Franklin Delano Roosevelt philosophy of ‘tax and tax, spend and spend, elect and elect’?”

If we had a parliamentary form of government such as Britain's, President Eisenhower would be expected to face up to and answer such criticism in the halls of Congress. The nearest thing we have to such a give-and-take in this country is the presidential news conference.

Thus, at a news conference on Jan. 30, William McGaffin, a Washington correspondent for the *Chicago Daily News*, reminded General Eisenhower that four years ago he was asking Americans to go easy in their demands on the Treasury. Yet here in 1957, the newsman went on to say, the President is justifying his huge budget by saying that it provides services that the people want and “deserve” to have.

In answering this and similar questions, the President denies that he has changed his mind or

his philosophy. He grants that some of the things that government is doing now would have been unthinkable 50 years ago. But then he goes on to say that the things he favors now—social security, unemployment insurance, health research by the government, financial help to the states, federal aid for school construction—have “now become accepted in our civilization as normal.”

But the President insists that he has not swallowed the philosophy of the New Deal and the Fair Deal.

One of the striking changes that have come about recently in Washington is the frank, sometimes blunt, way in which officials talk about the business situation. It used to be that if a Democrat uttered the word “recession,” the Republicans would denounce him as a “prophet of gloom and doom.” Now the Republicans themselves bring out the even uglier word “depression,” and nobody seems to think anything about it.

This change came when Secretary of the Treasury George M. Humphrey was talking to newsmen about the new budget. He said that the “terrific” government spending “should promptly be stopped.” And if taxes were not reduced in time, he added, “I will predict that you will have a depression that will curl your hair.”

Of course the reporters asked General Eisenhower about this the first chance they got. That was all right with the President; indeed, he seemed to welcome the questions, thinking evidently that a frank discussion would clear the air. No, he said, there was no difference of opinion between himself and Humphrey. He agreed that the government had to practice rigid economy. As for a hair-curling depression, he observed that Mr. Humphrey wasn't talking about the immediate future. He and Mr. Humphrey were agreed that the economic outlook for the next few months was very good.

He did differ with Mr. Humphrey on one thing. Whereas the Treasury Secretary would be reluctant to go in for deficit spending in the case of a depression, he (the President) would do “everything that was constitutional and the federal government could do.”

“But I want to point out,” the President emphasized, “that there is no such thing [as a depression] in prospect at this time, and, frankly, I don't believe that one of the character of the '20's-'30's can ever occur again.”

Why was that? Because, the President said, social security payments and unemployment insurance would keep people from walking the streets and selling apples, and would also hold up purchasing power until the government could move in to prevent an economic tailspin. Once the government did move in, he said, there would be no limit to what it would do so long as it was constitutional.



BILL MORGENTHAU, Manager of Grain Valley, Mo., Airport Corporation, says:

"We saved \$1.00 per square foot by building our two hangars on Penta-treated poles."

"The flying businessmen here already have built two pole-type hangars—one 30 x 150 ft. and the other 30 x 300 ft. We saved \$900 per stall over the next lowest construction. And we got strong, permanent buildings—with clear-span convenience.

"We'll use this cost-saving construction in another 15 stalls soon and plan to complete 100 eventually."

PENTA*-TREATED pole buildings are permanent because Penta protects against rot and termites... makes wood last years longer. Penta-treated poles are clean and attractive, too. These sturdy wind-resistant pole buildings are being put to practical use by business and industry everywhere. Just ask your building supply dealer, or return the coupon to us. THE DOW CHEMICAL COMPANY, Midland, Michigan.

*PENTACHLOROPHENOL

THE DOW CHEMICAL COMPANY
Dept. MA 506J, Midland, Michigan

NAME _____

☐ Send me information on low-cost PENTA-treated pole buildings for this use:

FIRM _____

TITLE _____

ADDRESS _____

☐ Send me photographs and cost figures on 20 different types of pole buildings.

CITY _____

STATE _____

YOU CAN DEPEND ON





10,000,000TH MAYTAG WASHER to come off the line is christened by Maytag Home Service Director Mary Margaret Christianson while Maytag Queen Gerry Reitveld looks on. The Newton, Iowa plant feted this milestone in appliance history to mark a production record unequalled in the industry.

**THE
TOUGH JOBS
GO TO
TEXACO**

THE MAYTAG COMPANY

knows the importance of effective lubrication in keeping its appliances working dependably through years of washdays — and for more than twenty years Texaco has helped to deliver it.

Maytag Washers and Dryers are Texaco-lubricated when they leave the factory. And Texaco Lubrication Engineers work closely with Maytag Engineers on the lubrication requirements of new appliances—right from the initial design stage.

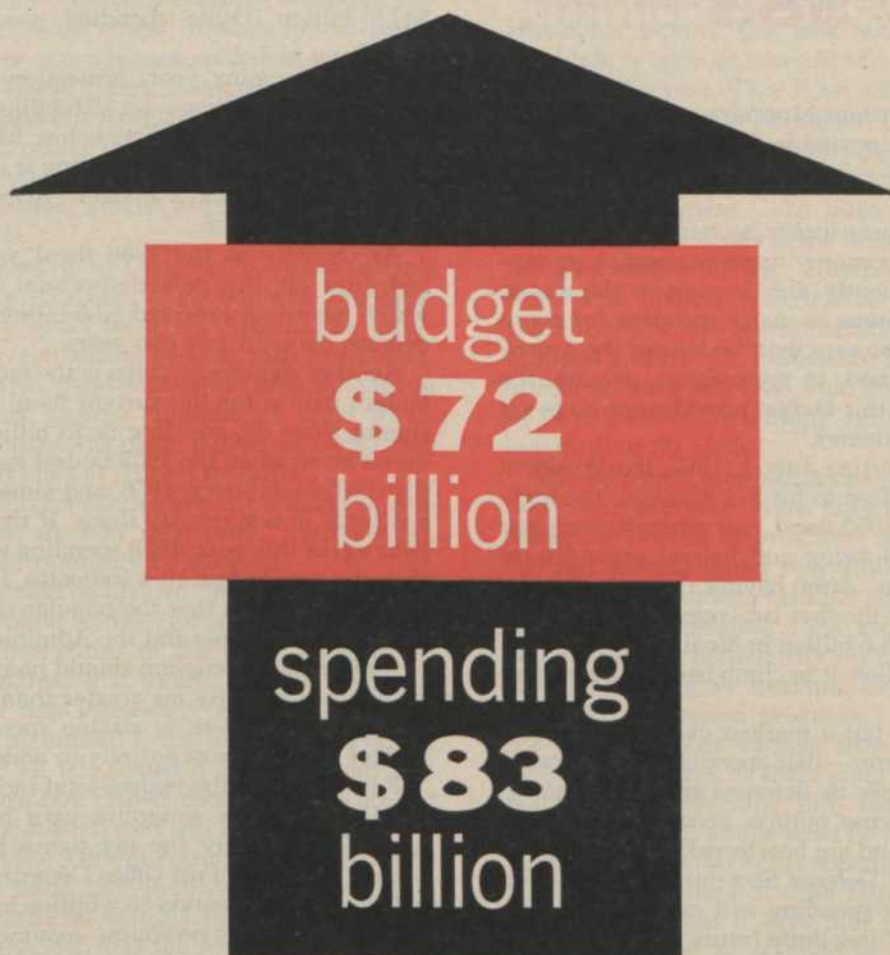
The Maytag Company is just one of the many well-known companies which have achieved top results with Texaco. There are three good reasons for this wide acceptance: *field-proven* Texaco Lubricants, developed with the aid of the finest research facilities available . . . *field-experienced* Texaco Lubrication Engineers to advise on their use . . . and *fast, efficient service* from over 2,000

Texaco Distributing Plants in all 48 states. This combination can help bring production *up* . . . and costs *down* . . . in every major field of industry and transportation. One agreement of sale supplies all your plants wherever located. For details, call the Texaco Distributing Plant nearest you, or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

TEXACO
INDUSTRIAL LUBRICANTS



TUNE IN . . . METROPOLITAN OPERA RADIO BROADCASTS EVERY SATURDAY AFTERNOON



Obscure budget items and spending trend provide hint of what's to come

PRESIDENT EISENHOWER'S proposed budget for 1958 is the largest peacetime budget in history. Unless the political philosophy of the controlling elements of both parties is reversed, it will not hold that distinction for long.

The outcry against high spending, heard both in the Eisenhower Administration and in Congress after the \$71.8 billion budget for fiscal 1958 was unveiled, may slow the upward trend temporarily. But the odds are that it won't unless taxpayers make their wants known emphatically. Most budget students agree that spending is slated to go up and up in the years ahead. Actual spending in 1958, which includes many kinds of payment not in the budget total, will be about \$83 billion.

The \$60 billion budget goal which President Eisenhower set forth during the 1952 election campaign now appears completely forgotten.

There are three indications of this:

1. There is no major area of government spending where the Administration proposes cuts. The spending

trend in almost all areas is again resolutely upward.

2. Many programs already authorized by law have been getting under way slowly. They show up in this year's and next year's budgets for only small amounts in comparison to their eventual costs. The higher spending will come later. Thus, the new highway program, which the President has put at \$1.7 billion for the year starting July 1, soon will be costing Uncle Sam some \$3 billion a year or more. The Upper Colorado River project, ultimately to cost \$990 million, is down in the new budget for only \$21 million.

3. Even as these spending programs move out of their comparatively inexpensive infancy, Congress and the Administration are considering other costly new ventures—school aid, new resource development projects, aid to distressed areas, higher federal pay, bigger veteran benefits, liberalized housing assistance. All of these, if authorized now, will boost spending later.

Some say that many, if not most, of these spending projects are political in inspiration. Some say they're essential to the well-being of the economy and of the

budget **\$72** billion spending **\$83** billion

continued

country; that the constant expansion of the U. S. population makes them inevitable. Whatever their origin, the result is the same—higher and higher outlays of the taxpayers' money.

President Eisenhower insists he remains wedded to his original ideal of economy in government, a government operating efficiently and leaving to the states, cities and private groups as many spending programs as possible. But he also says that "as long as the American people demand and, in my opinion, deserve, the kind of services that this budget provides, we have got to spend this kind of money."

For fiscal 1958, starting July 1, 1957, the President expects federal spending to hit \$71.8 billion, the highest outlay since the 1953 fiscal year when Korean war spending was in full swing and federal expenditures totalled \$74.3 billion. After having cut spending by almost \$10 billion in the first two years of his Administration, down to \$64.6 billion in fiscal 1955, the President has seen fit to allow it to climb back up more than \$7 billion.

It is widely said—but a marked oversimplification, if not a downright error—that spending is up because the U. S. has to bolster its defenses against Russia. It is true that our defense outlays account for a large share of the budget and are heartbreakingly expensive. It is noteworthy that Defense Secretary Wilson is predicting that military spending will not be cut below present levels in the "indefinite future." Instead it will more likely "creep up."

But the fact is, higher spending on welfare and other nondefense programs—and not higher defense spending—has accounted for the great increase in recent budgets.

In fiscal 1954—the first full year the Eisenhower Administration had complete budgetary control—spending for the Defense Department, foreign aid, atomic and other national protection programs totaled almost \$47.9 billion. Other spending was just under \$20 billion.

For the coming year, protection spending is projected at \$45.3 billion—up \$2.6 billion from this year's level, but still \$2.4 billion below fiscal 1954. On the other hand, nonsecurity spending is up to \$26.5 billion in this coming year's budget—more than \$6 billion above the 1954 level.

As recently as the 1956 fiscal year, which ended last June 30, this nondefense total was \$24.1 billion, which means an expected \$3.6 billion increase in non-defense items in just two years.


Another significant omen is the fact that the revised budget figures for the current fiscal year, ending this coming June 30, are close to \$3 billion above the estimates given when the 1957 budget was released for the first time in January, 1956, and almost all the increase has come in nonsecurity items. If the same thing happens again this year, 1958 spending will be even larger than the new budget now indicates. It is usually in the nonsecurity areas that the popular spending pressures are put on Congress and the Administration.

Any budget discussion should point out that federal spending is actually far greater than the usual budget figures show. There is sizable spending outside the budget totals, almost entirely in nondefense fields.

For one thing, the budget total includes only net expenditures. Many programs earn money as well as spend it, and only the net figure is counted in the budget total. The Post Office Department, for example, will spend an estimated \$3.3 billion in the coming fiscal year, but will have revenues—assuming Congress votes the postal rate increase asked by the President—to offset all but \$58 million of that spending. The budget total counts only the \$58 million as Post Office spending. Farm price support outlays will actually total \$8.1 billion, but the budget, taking into account sales of


THE RECORD

1952: In the election campaign Mr. Eisenhower repeatedly deplored tax burden which big government imposed on the people, declared his intention, if elected, to cut federal spending to about \$60 billion.



1953: Administration cut the Truman budget for fiscal 1954 by \$10.5 billion, down to about \$67.8 billion. This retrenchment brought tax reduction benefiting businesses and individuals.

1954: Budget for fiscal 1955 was further reduced to \$64.6 billion.



government-held commodities and other receipts, places farm spending at the net figure of less than \$5 billion. There are many similar cases.

Not indicated in budget expenditures is a large volume of spending which clears through the so called trust funds. These expenditures, added to net budget spending, bring Uncle Sam's total payments to the public—federal spending's impact on the economy—to about \$83 billion, rather than the \$71.8 billion shown in the regular budget. Collections from the public total about \$86 billion, almost \$16 billion of which is trust fund receipts.

Trust funds are set up by Congress to handle receipts and spending for several special government programs, such as highways, social security, veterans life insurance, civil service retirement and railroad retirement.

All of these harsh fiscal facts were undoubtedly in Treasury Secretary George Humphrey's mind when, at the time the budget was made public, he let go with his unprecedented blast at federal spending.

"Governmental expenditures and the number of government employes are now increasing," he declared. "This trend should promptly be stopped."

Mr. Humphrey said he blamed "just everybody" for the trend—the public, cities and states that turn to Uncle Sam "for everything in the world to be taken care of"; the Congress that yields to these pressures and enacts costly new legislation; even the executive branch, of which he himself is the top fiscal officer, for letting all this go on. He issued a dramatic warning: If expenditures are not turned down, "I will predict you will have a depression that will curl your hair."

A closer look at the Administration's proposed \$71.8 billion budget for fiscal 1958 indicates Mr. Humphrey faces an uphill battle in fighting the spending trend.

First, there is the fact that the requests for new appropriations—authorizations to spend money this year or next or the year after—are sharply higher. The President is asking Congress this year to vote new spending authority of \$73.3 billion, compared to \$70.5 billion this year and only \$57.1 billion just two years

ago. The new requests will be the largest since the Truman Administration requested \$80.3 billion in 1953.


Equally important, for the first time in this Administration's tenure, the new spending authority the President is seeking exceeds what he actually plans to spend in the year. This is an almost certain sign that future spending will be higher, because it means that at the end of the year government agencies will have more money available for spending without further action by Congress. The huge size of these unused balances or carryovers is the fiscal feature about which the President and Mr. Humphrey and the Budget Bureau so bitterly complained when they took over from the Truman Administration. These carryovers dropped from \$78.4 billion on June 30, 1953, to \$46 billion on June 30, 1956. But they're inching back up to \$46.3 billion this coming June 30 and to \$47.3 billion by June 30, 1958.

The increased appropriations requests and the larger carryovers are clear signs that increased spending is ahead for dozens of programs already authorized by law but getting under way slowly. Budget Director Percival F. Brundage said his agency trimmed \$3 billion from the original 1958 requests of government departments in nonsecurity areas. Here are examples to show how higher spending lies ahead for dozens of presently authorized programs:



► Federal housing outlays, already high, are almost certain to increase as more slum clearance and public housing projects come into being and the already promised federal grants must be paid out. The budget, for example, envisages net spending of only \$50 million as the federal share of slum clearance projects in the coming year. But it says that by June of next year 572 projects will be planned or under way, involving eventual federal grants of \$1.2 billion. The federal share of public housing project costs, in the 1958 budget for \$99 million, may go as high as \$336 million annually in later years.

► Interest on the federal (Continued on page 114)

1955: Budget for fiscal 1956 originally called for further cutbacks, which were not realized.



1956: Spending was raised to \$66.5 billion. Expenditures for fiscal 1957 were first estimated at \$65.9 billion, later raised to \$69.1 billion. Final figure may even be higher.



1957: Eisenhower budget for fiscal 1958 calls for \$71.8 billion to meet "urgent national responsibilities."

HOW TO ENCOURAGE IDEAS

When suggestions come in,
how do you react?

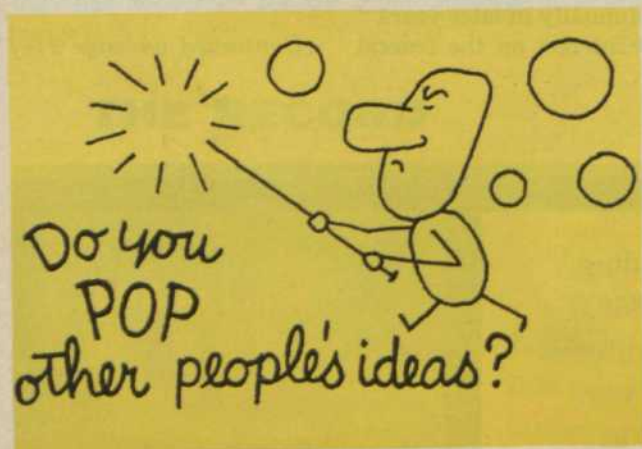
Ask yourself these six questions

CAN YOUR company adopt a new idea on the basis of its merit, uncolored by restricting human emotions?

Any company, or executive, that can operate along these lines may be said to have broken the barrier of human frailties. The secret of breaking this barrier is two-fold:

1. The executive must realize that such a barrier exists.
2. He must have the courage and understanding to re-adjust his philosophy accordingly.

These are the reflections of Raymond Eisenhardt, 55-year-old president of Edgar Steiner & Co., New York research engineering firm that applies creative think-



ing to help reduce the cost of products bought, used or manufactured by its clients, which have included 169 firms in 20 basic industries.

From his experience with executives—some striving to reject, some overly eager to accept, some honestly trying to be unprejudiced in considering various suggestions—Mr. Eisenhardt has listed some pointers. He believes a check of them will give an executive a pretty good idea of whether he is actually trying to be open-minded and constructive or whether he is prejudiced by the various "human frailties" when he considers suggestions of new products, methods, or policies:

1. When somebody is describing an idea to you, are you, even then, trying to think up things wrong with it? If so, you are unquestionably helping stifle ideas in your company. If you haven't a better plan to offer, it is better to keep quiet at least 48 hours before you say no. The man who brought up the idea may have been thinking about it a long time. Until you have background and understanding, you are in no position to judge it. No man's judgment is better than his information.

2. Do you enjoy saying "I told you so"? If you do, you are a strong force for the negative. If four men in a group are for a new idea and a fifth is against it, chances are the idea will be turned down. The majority does not like to take a chance of giving satisfaction to the "I told you so" type. He is always safe. Even if the idea works, he can always say, "If I hadn't warned you. . . ."

3. Do you believe in the old saying: "Problems have a way of working themselves out if you leave them alone"? If you do, forget it. Problems don't solve themselves and you are fostering inertia.

4. Do members of conference groups in your organization preface explanations of new ideas with such apologies as, "Now I know this sounds silly," or "This is just off the top of my head"? If so the climate within your organization is not properly gauged for progress. A man should not feel that he must apologize for any idea, regardless of how silly it might sound at first. The traditional tenet of many executives to their subordinates: "Don't open your mouth until you are sure of what you are saying," promotes second guessing. The only way a person can be sure of a thing is to have seen it work. After that he's no longer a creator.

5. Do you let loyalty to old ideas or old employees color your judgment or acceptance of new suggestions?

6. Do you ever use or tolerate within your organization that time-honored inscription to lethargy: "We tried that, but it didn't work"?

The company head who can answer these questions with a firm and honest "no" still needs to be sure that others in his company share his attitude. An automatic "no" may be blocking progress further down the line.

One national company not long ago found that its Los Angeles branch was shipping its product in lots of two dozen. The San Francisco branch was using cartons containing only a dozen items. Checks showed that, by using the Los Angeles type of container, this branch would save \$65,000 a year.

The San Francisco manager refused to make the change because he said, he did not want to jeopardize his business. Instructed to ask his customers if they had a preference, he refused: "I know what my customers want and that isn't it."

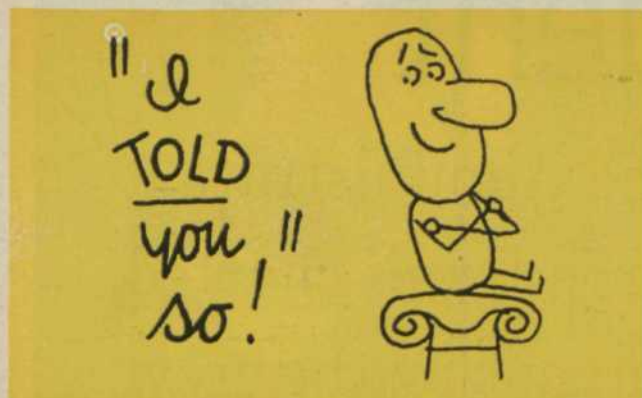
The company president finally ordered him to make the change. Business actually increased.

The desire to say "I told you so" almost prevented another company from improving its packaging. The Steiner Company had designed a new carton which, it believed, would hold this client's product more firmly so that it would not chafe in shipment. As a test, the proposed carton and the old were put on shaking machines in the client's own laboratories to determine in which type of carton the product showed wear first.

Some days later a Steiner man went into the labora-

tory just as the staff was leaving for home. The machine with the new carton was shaking briskly. The one with the old type was idle. It developed that the head of the laboratory was turning off the machine with the old type every night when the plant shut down. Thus the product was getting 24 hours of rough treatment every day in the new carton but only eight hours a day in the old style. The laboratory head felt that any new ideas should originate with his organization.

Willingness to let a problem work itself out—coupled with loyalty to an old employee—is costing an-



other company between \$150,000 and \$300,000 a year.

Most firms in this company's industry use a blending machine in one stage of production. The reason this company does not also use blending machines is because of what happened—or did not happen—when one was sent for trial to its Texas plant. The blender sent there has never even been unpacked. The superintendent in charge of blending is an old-timer who has been with the company for years and doesn't believe in new fangled ideas. He is still blending in the old way.

Company officials are fond of this man. He is and has been a capable employee and they don't want to hurt his feelings. When he retires, the problem will be worked out.

Mr. Eisenhardt has no way of knowing how many ideas are unused because somebody is likely to say they sound silly, but one experience suggests that the number is great. A minor official of a Steiner client came to him with four ideas which he thought would save the company money. He had grown tired of trying to bring them to the attention of top management.

Mr. Eisenhardt decided that three of the four had merit. He proposed them to the client's board which immediately accepted them. The result was a saving of \$90,000 a year, but without an expert to sell them, the ideas would have continued unaccepted.

Pride of authorship, which is usually beneficial to progress because it tends to stimulate creativeness—can retard progress under certain conditions. In one company, cutting one eighth of an inch from the bottom of a three and a half foot accounting form would have reduced the cost of producing the ledgers by \$18,000 a year.

But the length remained unchanged for years despite this knowledge because the firm's treasurer had designed it 27 years before, when he was a clerk, and didn't want his creation changed in any respect.

Before World War II, a manufacturer used spot

welding to make metal baskets and racks used by milkmen in handling bottles. Electric welding was not perfected then. The baskets came apart and were generally unsatisfactory.

During the war welding came of age, and the post-war welded metal milk baskets and racks are so sturdy that a truck once backed over one accidentally, and it did not collapse. Yet, one large dairy has steadfastly refused even to try these postwar creations because of an unsatisfactory experience with metal racks and baskets years ago.

This dairy insists that metal baskets are unstable because they are welded.

"The excuse, 'We tried that, but it wouldn't work,'" says Mr. Eisenhardt, "completely overlooks the fact that something that would not work last week may work today because of something discovered last night."

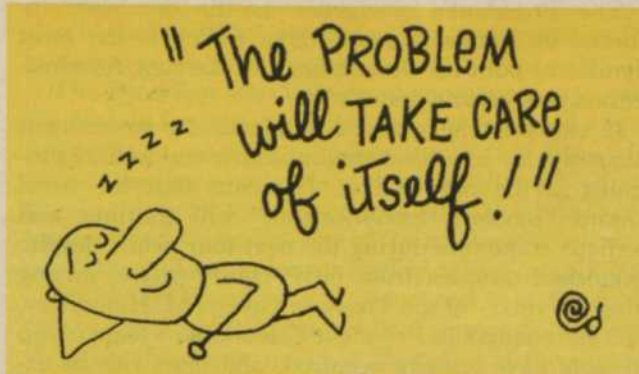
"It is sometimes revealing to a group in our position to note the little things that can cause a business executive to turn thumbs down on a good idea," says Mr. Eisenhardt. "Therefore, I claim that an executive who is eager to maintain a progressive attitude and an open mind toward new ideas would do well to pause now and then and ask himself:

"What were my responses to the last half dozen ideas presented to me?

"If I said 'no' to these suggestions, what were my mental procedures in arriving at each decision?

"Did I turn the idea down spontaneously?

"Did I go through the motions of 'thinking it over'?"



"Did I say I would 'consider it'?"

"Did I really consider it, or did I automatically reach a negative decision and then look around for reasons to support what I had already decided?

"What explanations did I give for my decisions? Were these mere words that I felt would sound plausible and sensible? Did I really give an explanation, or was it a rationalization, made because my real reasons sounded too silly, even to me?"

"He might ask himself:

"Have I turned down any ideas recently because I had indigestion or a headache or an argument with my wife, or my college lost the big football game, or because my feet hurt?"

"It is possible for an executive to delay progress on some days because of matters as homely and dreary as that."—RUFUS JARMAN

REPRINTS of "How to Encourage Ideas" may be obtained for 5 cents a copy or \$4.50 per 100 postpaid, from Nation's Business, 1615 H Street N. W., Washington 6, D. C. Please enclose remittance with order.

THE WHITE HOUSE:

a different President

The course the Administration
is now taking is being charted
by the captain, not by the crew

THE KEY MAN on President Eisenhower's team during his second term will be Dwight D. Eisenhower.

The President's emergence as the dominant influence on domestic and foreign policy is the most significant political development of the new Administration now getting under way.

It explains the reduced emphasis on government economy, the increased emphasis on social welfare programs in the new budget. It means that the trend toward "modern Republicanism" will continue and perhaps accelerate during the next four years, despite anguished outcries from GOP conservatives, among them Secretary of the Treasury George M. Humphrey.

Some changes in President Eisenhower's team of top advisers have already occurred, and more can be expected within the coming months. But these resignations and replacements, as well as less obvious changes in the degree of influence exerted by some advisers who remain on the team, will be more a reflection than the cause of the changes in Mr. Eisenhower's own attitudes.

No one expects the President to run a one-man show in the new Administration. He's too good an executive to try that. He will continue to seek and listen to advice from his Cabinet, the White House staff and the small group of personal friends who constitute his unofficial privy council.

But he will be much less dependent on these advisers than he was when he entered the White House in January, 1953, after a military life. Four years of grappling with government policy have taught Mr. Eisenhower a great deal about his job. His present familiarity with the details of some complex domestic issues, such as farm surpluses, often startles White House visitors who still think of him as a general out of uniform and who underestimate the amount of self-education that went on during this first term.

With this increase in knowledge has come a noticeable growth of self-confidence. The Dwight D. Eisenhower of 1957 still takes pains to get all the expert opinions and wise counsel he can, deliberately hunts for opposing points of view to test the soundness of an idea. But he is much more willing to rely on his own judgment when the chips are down. As he told the first news conference of his second term, "I make the decisions."

That short, blunt sentence, although spoken in a different context, could serve as Mr. Eisenhower's answer to Republicans who have publicly voiced suspicions that a secret cabal of radicals is "pushing Ike to the left."

The President thinks that the change in Administration policies, which reporters and politicians claim to detect in his new budget, has been greatly exaggerated. He does not feel that he has changed his basic political and economic views since he entered the White House. But to whatever degree his Administration has altered its course, the new direction is being plotted on the bridge by the captain, not by any group of New Dealish navigators hidden in the hold.

It follows that the wise businessman, hunting for clues to what's ahead, will take a fresh, close look at the personal political philosophy of Dwight D. Eisenhower.

Comparison of the President's latest messages to Congress with those he sent to Capitol Hill in 1953 and 1954 shows that this philosophy certainly has undergone a gradual evolution.

It is easier to understand this evolution if you remember that Mr. Eisenhower, from the start, expressed his philosophy of government in terms of paradox. He called it "progressive conservatism," which he defined as being "liberal in programs that affect people's welfare, conservative in the handling of their money."



INTERNATIONAL NEWS PHOTO

He quoted, as he still quotes, Lincoln's maxim that government should do for the people only those things which they cannot do, or cannot do as well, for themselves.

When you try to apply these broad principles to actual problems of government policy, as Mr. Eisenhower has done for the past four years, it soon becomes apparent that there is a built-in contradiction which can be resolved in practice only by subordinating one concept or the other. Liberal welfare programs cost money.

In spite of Mr. Eisenhower's \$71.8 billion budget for fiscal 1958, his closest associates will tell you that he is still earnestly dedicated to economy and that he still hopes that tax relief will be possible in the future. He will keep the pressure on government agencies to save a dollar wherever possible within the framework of the programs that he considers necessary.

Two recent statements provide an insight into the President's present thinking on this crucial point.

In his budget message to Congress, he said:

"It is my firm belief that tax rates are still too high and that we should look forward to further tax reductions as soon as they can be accomplished within a sound budget policy. . . . However, the reduction of tax rates must give way under present circumstances to the cost of meeting our urgent national responsibilities."

Subsequently, in answering news conference questions about Secretary Humphrey's implied attack on the budget, Mr. Eisenhower said:

"As long as American people demand—and in my opinion, deserve—the kind of services that this budget provides, we have got to spend this kind of money."

Mr. Eisenhower is sensitive about suggestions that political considerations influence his programs. It is probably true that he is less swayed by raw political

expediency than some of his predecessors in the White House. But it would be unrealistic to deny that politics—notably the 1956 elections and his own interpretation of their results—have played a major part in the evolution of "modern Republicanism."

The President who four years ago openly expressed his disdain for party politics, and rarely missed an opportunity to proclaim his ignorance of this distasteful subject, has been undergoing a considerable self-education in this field, too. Republican and Democratic professionals now rate him one of the master politicians of our time, and he no longer bristles at the compliment.

Politician Eisenhower is convinced that his party can win and hold future political power if—but only if—it creates a new image in the mind of the average voter as a party which not only accepts the major social projects of the New Deal but also intends to carry them forward intelligently.

He has proclaimed his intention to work "industriously and incessantly" during his second term to establish this image of "new" Republican Party in the public's mind. He knows it cannot be done by oratory alone. It will take, in his own phrase, "deeds not words," which is to say the kind of programs reflected in the new budget.

It is therefore altogether likely that 1958—a congressional election year—will bring an even bigger dose of "modern Republicanism" than this year's budget.

Some people in Washington think that then, if not sooner, Mr. Humphrey may bow out of the second term administration. If so, it will be Mr. Humphrey's decision, not the President's. Mr. Eisenhower still has a tremendously high regard for his Treasury Secretary, in spite of their differences over the new budget, and he would like to keep in his Cabinet such an articulate, unrelenting

(Continued on page 104)

Something for nothing?... These figures, *not faulty*, show how the states would fare under the Administration's bill to provide federal aid for schools everywhere, whether or not needed or wanted

	States would be allotted this much*	For school program they'd pay this in federal taxes**	For every dollar of taxes paid—this much school money
Delaware	\$ 381,000	\$ 1,750,000	\$.22
Connecticut	2,011,000	6,312,000	.32
New York	15,765,000	48,122,000	.33
Nevada	203,000	562,000	.36
Illinois	11,125,000	23,499,000	.47
New Jersey	5,489,000	11,656,000	.47
California	14,180,000	29,280,000	.48
District of Columbia	1,333,000	2,594,000	.51
Rhode Island	886,000	1,656,000	.54
Ohio	11,321,000	19,249,000	.59
Massachusetts	6,782,000	10,843,000	.63
Maryland	4,496,000	6,906,000	.65
Michigan	12,102,000	16,843,000	.72
Missouri	5,885,000	7,812,000	.75
Pennsylvania	18,803,000	22,499,000	.84
Colorado	3,009,000	3,531,000	.85
Washington	4,298,000	4,781,000	.90
Oregon	3,099,000	2,875,000	1.08
Nebraska	2,856,000	2,625,000	1.09
Indiana	8,021,000	7,156,000	1.12
Florida	6,309,000	5,531,000	1.14
New Hampshire	1,074,000	937,000	1.15
Kansas	3,744,000	3,219,000	1.16
Wisconsin	7,365,000	6,218,000	1.18
Minnesota	7,047,000	5,406,000	1.30
Wyoming	674,000	469,000	1.44
Iowa	5,813,000	3,937,000	1.48
Texas	19,842,000	13,437,000	1.48
Montana	1,405,000	937,000	1.50
Maine	1,932,000	1,250,000	1.55
Oklahoma	5,998,000	3,187,000	1.88
Vermont	1,007,000	531,000	1.90
Arizona	2,524,000	1,281,000	1.97
Virginia	9,275,000	4,500,000	2.06
Idaho	1,801,000	812,000	2.22
Utah	2,317,000	1,000,000	2.32
South Dakota	1,881,000	719,000	2.62
Louisiana	9,204,000	3,344,000	2.75
New Mexico	2,643,000	937,000	2.82
Tennessee	10,144,000	3,562,000	2.85
Georgia	11,926,000	3,937,000	3.03
Kentucky	8,917,000	2,937,000	3.04
North Dakota	2,013,000	625,000	3.22
West Virginia	6,699,000	1,937,000	3.46
North Carolina	14,615,000	4,125,000	3.54
Alabama	11,148,000	2,687,000	4.15
South Carolina	8,727,000	1,812,000	4.82
Arkansas	6,620,000	1,344,000	4.93
Mississippi	7,772,000	1,312,000	5.92
	\$312,481,000	\$312,481,000	

Administration bill would provide \$325,000,000 a year for four years. Alaska, Guam, Puerto Rico, Territory of Hawaii and Virgin Islands would get allotments totaling \$12,519,000

* From U.S. Department of Health, Education and Welfare

** Estimated by U.S. Chamber of Commerce

Faulty figures magnify school needs

16 states

56% of the people
268 Representatives
and Senators
would pay
\$217 million to get
back \$118 million
in federal money

32 states

44% of the people
263 Representatives
and Senators
would get
\$194 million in
federal money for
\$95 million in taxes

Government discounts state and local achievements which make federal intervention unnecessary

THE OVERWHELMING fact about America's school shortage is the shortage of information supporting any need for federal intervention.

Actually the most reliable figures show that local action makes federal intervention unnecessary.

► The classroom shortage—according to tabulations by the U. S. Office of Education—has been reduced 57 per cent in the past two and one half years.

► In each of the past 10 years the number of classrooms built has exceeded requirements for additional enrollment. In 1947-48, America built 41 per cent more classrooms than new enrollment required. In 1950-51, the high, the classrooms built exceeded the number the enrollment increase would have required by 55 per cent. In the lowest years, 1954-55, the excess was 19 per cent. Last year the excess was 42 per cent.

This year local efforts will build about 40 per cent more classrooms than enrollment increase requires.

Thus, the backlog of needs resulting from the construction lag during the depression and World War II is being whittled down. Spending on public schools this year is likely to surpass \$2.8 billion, compared to \$1.7 billion in 1952-53. An additional \$550 million will go for new private and parochial schools.

The proportion of public construction funds spent for new school buildings is also increasing. Today almost 20 per cent of all public expenditures for new construction goes

for new classrooms. The percentage in 1952 was less than 15.

For this money America's local school districts will get an estimated 69,000 new classrooms this year alone. Additional classrooms—probably 10,000—will be built by private and parochial schools.

Despite this impressive local accomplishment, Congress has before it several proposals that would commit the federal government to spend large sums for school construction in the next several years.

These spending proposals range from \$1.3 billion in four years to \$5 billion in five years.

Those who want federal intervention agree that local efforts are making headway but they insist even the present rate of achievement is not sufficient to meet the school emergency.

This emergency, as described by the U. S. Office of Education, shapes up like this:

The states have estimated that the nation's existing school plant (approximately 1 million classrooms) includes "at least 79,000 classrooms that are obviously unsatisfactory and need immediate replacement." An additional 80,000 classrooms are needed to correct overcrowding. The current classroom shortage therefore is estimated at approximately 159,000. Only two and one half years ago the shortage was estimated at 370,000.

These estimates are less than precise. Actually the real classroom shortage is not known.

(Continued on page 76)

LEARN TO LIVE WITH PROSPERITY

Raymond J. Saulnier, head of the Council of Economic Advisers, tells how business and government can make sure of decades of growth

PHILLIPS—BLACK STAR



WE HAVE TO LEARN the responsibilities of prosperity.

This is the view of the President's newest economic adviser, who says:

"The United States can have years and decades of economic growth, as exciting as any we have seen so far, if we have proper public and private policies.

"Ours is fundamentally a growing economy."

He emphasizes the necessity for combining stability of the buying power of the dollar with prosperity—putting the accent on the buying power of the dollar rather than merely prices, "because price changes often represent changes in quality and do not mean that your dollar has become less powerful."

Dr. Raymond J. Saulnier, who has just succeeded Dr. Arthur F. Burns as chairman of the President's Council of Economic Advisers, describes himself as an unbridled optimist about this country's future.

These three men, as the President's Council of Economic Advisers, observe and evaluate the nation's economic growth. Their appraisal of the economic effects of programs and policies makes their influence felt throughout the government. From left, they are Joseph S. Davis, Chairman Saulnier, Paul W. McCracken

He adds: "We must remember, however, that the course of economic development—here as everywhere else in the world—has always been uneven."

So you can expect economic fluctuations.

"I see no reason for believing that we have found a formula for guaranteeing stable, unchanging, entirely even economic growth.

"It is impossible to conceive of this happening in an economy as dynamic as ours—in which so many new techniques of production and new goods are being developed. And, unhappily, the threat of war still exists. These and other factors keep our economy constantly, in a sense, disturbed and changing."

Dr. Saulnier thinks about 3½ per cent a year may be the average for growth during the coming decade or two.

"Nobody can say with certainty what the long-term growth rate will be. But the forces making for economic growth in our country are as powerful today as they have ever been.

"They may be even more powerful than in the past, although if you go back over this country's history you can see tremendous forces at work. The early decades of the 19th Century, with the opening of turnpike and canal transportation; the great economic development that followed the Civil War, and the first decade and a half of the 20th Century—all were periods of very rapid economic growth.

"Our output rose sharply in World War I. We were then back onto a curve of fairly regular economic growth in the 1920's. This was interrupted by the depression. By 1938 we were about at the 1929 level.

"Then came World War II in which we performed miracles of production. The period from 1946 through 1956 has again been a period of great economic expansion."

Although the Council of Economic Advisers has no operating responsibility for public policy, Dr. Saulnier's influence, as adviser to the President, reaches throughout the government.

As chairman of the Council, he also is chairman of ABECS—Advisory Board on Economic Growth and Stability. Through that organization, which includes representatives of nine other government departments and agencies, the Council learns of and is able to evaluate the economic effect of the Administration's programs and policies.

If a proposed policy or project

would tend to stimulate the economy at a time when further stimulation is undesirable, the Council can use its influence to have the policy abandoned, or modified. Conversely, this influence can be used to increase the stimulus whenever it appears that the economy is not progressing fast enough.

On the Council of Economic Advisers are three men, nominated by the President, confirmed by the Senate. Dr. Saulnier is chairman. He has the administrative responsibility for Council activities.

The three members work as a team, meeting frequently. As Dr. Saulnier describes the Council's work, the Council would appear to be in continuous session.

Council members are Dr. Joseph S. Davis, who joined the Council in May, 1955, and Dr. Paul W. McCracken, who became a member in December when Dr. Burns resigned and Dr. Saulnier was promoted to chairman.

Dr. Davis, director emeritus of the Food Research Institute, Stanford University, is an authority on agriculture, population, and economic development.

Dr. McCracken, on leave as professor of business conditions at the University of Michigan, is a specialist in finance, with a strong interest in business cycles and forecasting.

Dr. Saulnier says there is no significance in the fact that he, too, is a financial economist. A professor of economics at Barnard College and director of the Financial Research Program of the National Bureau of Economic Research, both in New York City, Dr. Saulnier was appointed to Council membership in March, 1955, and took office in April.

The Council's annual budget is about \$350,000. It'll be a little higher next year to take care of salary increases, but no staff expansion is planned. Most of the money goes for salaries.

In addition to the members, the Council has a staff of 13 senior economists and approximately the same number of secretarial and statistical people.

To supplement staff work, the Council calls upon a number of part-time consultants and draws on the resources of colleges, universities, and research institutions. It also utilizes the research facilities of such government agencies as the Department of Commerce, Federal Reserve, Labor, Treasury, Department of Health, Education, and Welfare, the

(Continued on page 60)



Farm Banks



*Home Loan
Bank System*



*Federal Reserve
System*



*Securities and
Exchange Comm.*

Individually
the units of our
monetary system
are functioning
well

WE CAN MAKE OUR DOLLARS BEHAVE

The review group proposed by
the President must study whole
economy, not merely money

OUR DOLLARS don't always behave as the traditional rules say money should, or as they used to behave.

This behavior creates the need for a group such as the National Monetary and Financial Commission the President has proposed.

To be effective, such a study needs to review the working of the entire economy—not just financial institutions. If it yields to temptation merely to set up new rules rather than to find out why our present controls don't always work as they are supposed to, it will fail.

It will contribute much if it can answer three questions:

- ▶ How to make monetary controls operate in areas which are relatively immune to monetary pressures.
- ▶ How to make controls operate promptly in both the short-term and long-term markets, and in all areas;
- ▶ How to make all important financial institutions

complement each other and function effectively, promptly, and fairly.

Individually, most of the units of our monetary system are functioning well.

The creation of farm banks, of the Home Loan Bank System, the Securities and Exchange Commission and other institutions has meant better financial service.

Insurance of deposits in banks and savings and loan associations, combined with better practices and better supervision, has built up confidence in these institutions. Neither farmers nor home owners need fear wholesale foreclosures again.

So each financial need, by itself, is well served by dependable institutions.

The Federal Reserve System and other institutions have also learned much about how to handle their responsibilities. The more important mistakes made in the '20's and '30's will not be repeated. The institutions are still learning. The problems of 1955-56 were similar in many ways to the problems of 1952-53, but the experience of that period has not been repeated.

Our difficulty is that the changes in our system have been made piecemeal. Each has meant improvement in the area it was intended to serve but has added little to the smoothness of the operation of the system as a whole and has sometimes detracted from it.

There has been little basic change in the coordination of financial institutions since the Federal Reserve Act of 1913.

The Federal Reserve Act was a great document. But today the nation has moved to a high-employment, peacetime economy of a size and complexity that the framers of the Federal Reserve Act—or the framers of the deposit insurance, farm and home credit, and securities acts of the '30's—never envisioned.

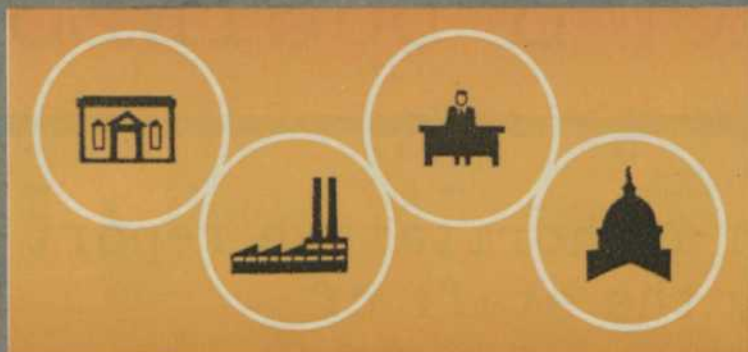
As a result of these changes, the money markets now are vastly different from those of 45 years ago.

When the Federal Reserve Act was passed, and for many years afterward, financial institutions and to some extent individuals operating as financial institutions, provided the money and credit that the economy required.

Farmers went to local banks, or to insurance companies, if they wanted to borrow. If money was scarce, or interest rates high, they didn't borrow.

If would-be homeowners wanted to build, they, too, had to go to the money markets. This frequently meant commercial banks. Mutual savings banks were

We need a
system in which
financial, corporate
and individual
actions can mesh



well established in New England but elsewhere savings and loan associations were relatively unimportant, though growing, and insurance companies made only conservative loans.

Consumer credit, particularly the credit handled through nonfinancial institutions, was almost unknown. Charge accounts were available to middle- and upper-income families, but most purchases were on a cash basis.

Business firms could get funds through the banks, insurance companies, or the Streets—LaSalle Street, Wall Street, and others. But these sources were closely affected by credit conditions. If credit became scarce, it became harder for business to borrow.

Rules which operated quickly and effectively in that simple economy not only work more slowly under today's complex conditions—they often have effects exactly opposite those intended.

In 1913, for example, an increase in interest rates was expected to reduce demands for money. That is less true today.

For instance, farmers are not dependent for funds solely on local commercial sources. A national farm credit system has been set up. When interest rates rose in 1956, agricultural lending institutions increased rather than reduced their volume of lending. This may have reduced the overhead per dollar of money lent, and so helped hold down interest rates on farm loans. This was obviously contrary to theory.

The home-building field did not behave as expected, either. In theory again, prices rise for commodities in short supply, and hold steady or fall for commodities in ample supply. This reduces demand for goods in short supply. In theory, too, a drop in prices encourages demand.

The system actually worked in reverse last year in the home-building field. Supplies of brick and of lumber for housing became adequate. The supplies of machinery and equipment for industry became more and more inadequate. But the shortage of money and higher interest rates diverted funds from housing—from the purchase of lumber and of brick—and toward machinery and equipment. The volume of housing dropped, and orders for machinery and equipment rose.

Several things contributed to this phenomenon. With significant exceptions, money still flows toward the markets which will pay the most for it. That is

particularly true of money rented by and from large financial institutions. The cost of making \$10,000 or \$20,000 loans is much higher per dollar lent than the cost of making a \$1 million or a \$100 million loan. As money gets dearer, the lender may be tempted to reduce the number of small loans, and to keep the larger, more profitable ones, rather than raise interest rates on the smaller loans.

Similarly, the home-mortgage loan may have been marginal to larger institutions. Unless the interest rate is raised on such loans to keep the return, after overhead, comparable to the return on large industrial loans, the volume of home loans may decline in the competitive money market. The large institutions may make such loans in volume when there is an adequate supply of credit, and to a lesser extent when the supply of money and credit is less than the demand.

A large corporation can also handle a financial transaction more efficiently than a home buyer can handle one. This handicap may be more important in a marginal financial market than the fact that commodity prices are rising in one market and not in another. Corporations may find it advantageous to borrow at higher interest rates even when the prices of goods they buy with the borrowed money is rising.

Another reason credit controls don't work as expected is the growing size and complexity of business enterprises. This causes them to become bankers in fact, if not in name.

This occurs in many ways. One of the simplest happens quite naturally in any large corporation with many subsidiaries, branches, or even departments. Money may be flowing into one office faster than it will be used. Other offices may need funds. Inter-office, interplant, or intercompany transfers can be worked out.

If the businesses which needed funds had been independent organizations, they might have been forced to go to some financial institution. The interest rate, or the terms, might have deterred some of them from borrowing.

A further difficulty is the growing fuzziness of money and credit, or what can be turned into money and credit.

A steel company, for instance, may want money to expand. The money market may be unfavorable. But a large manufacturer who uses steel may advance the steel company

(Continued on page 44)

HOW'S BUSINESS? today's

An authoritative report by the staff of The Chamber of Commerce of the United States

AGRICULTURE

Parity prices for farm products would be reduced by about two per cent if Congress were to enact the recommendations in a report by the U. S. Department of Agriculture which it required as a part of 1956 farm legislation.

The parity formula is intended to indicate the prices which would provide farm products with the same per-unit purchasing power in terms of goods and services in both production and farm family living as existed during a base period (at present, 1910-1914).

Specifically, the Department recommends that, 1, the base period be changed to 1947-1956, inclusive; and, 2, the changes made in the parity formula in 1948 be allowed to apply on all commodities. That is, parity price of each commodity would continue to be so adjusted as to maintain the same relationship between commodities as prevailed during the most recent 10 years. The transition to the modernized formula would proceed in the gradual manner specified at that time.

The report says there is no sound argument for using the same base period indefinitely and recognizes that the new formula would still be subject to many limitations.

In fact "there is no single formula, or series of formulas that can satisfactorily be used as the sole criterion for price or income action. Parity comparisons only call attention to the changes which are occurring; by themselves they neither indicate why a change has occurred nor what should be done about it."

CONSTRUCTION

The annual rate of expenditure for plant and equipment for the first quarter of this year is eight per cent above the average for 1956, continu-

ing the optimistic outlook for the months ahead. Last year these expenditures totaled \$35 billion, 22 per cent higher than the previous record of 1955.

Private and government surveys show that railroads are planning the largest relative increase, with utilities and nondurable goods manufacturing showing larger-than-average increases. Moderate increases are shown in programs of durable goods manufacturers, nonrail transportation firms and commercial companies. Outlays for the mining group will show little change.

These expenditures will have a considerable stimulating effect upon construction and other elements of our economy.

DISTRIBUTION

Look for increasing pressure on prices at retail. One indication is the rapid climb in retail prices between December 1955 and November 1956 when the retail price index (Dept. of Commerce) rose 2.8 per cent.

One such pressure is increased wage costs. Average hourly earnings of retail workers in 1956, adjusted for changes in prices, increased 3.3 per cent over 1955. Estimates of productivity in retailing indicate an increase of only 0.5 per cent in output per man-hour. Dollar volume of sales in 1956 increased three per cent over 1955, but physical volume increased only two per cent.

Productivity in retailing is hard to figure. However, a rough estimate, based on sales per man-hour, adjusted for price changes, indicates that since 1948 the productivity rate in retailing has been increasing at an average annual rate of 2.5 per cent. Average hourly earnings of retail employees have been increasing at an annual rate of 3.1 per cent. Higher costs of goods and wages in 1957 will mean that retailers must

seek harder than ever to find ways of increasing their rate of output.

CREDIT & FINANCE

Optimism is the word for the outlook in credit and finance.

The high level of business activity in 1956 has carried over into 1957 and will be sustained well into the fourth quarter of the year. Personal income is up, automobile production and demand is up and employment levels remain high.

Consumer spending plans can be characterized as firm, based on current demand.

Demands on the oil industry's production, steel mill output and defense spending continue to buoy the general business outlook.

Demands for mortgage money will continue stable with noticeable improvement in commitments in the last half of 1957. Corporate bonds will continue high yields in a thin market and municipals will hold firm with revenue bonds sharply higher. The U. S. government bond market may experience a slight rally.

FOREIGN TRADE

U. S. investment activity in Latin America promises to continue at a high rate.

This conclusion stems from a survey conducted by the Department of Commerce in cooperation with about 300 American companies which have direct investments in branches and subsidiaries in Latin America. These companies account for 85 per cent of the total assets employed by all U. S. companies in Latin America.

According to the survey, U. S. companies produced nearly \$5 billion of goods and services in Latin America in 1955. Of this amount \$2.5 billion was produced for sale in the area and more than \$2.2 billion was for export. These exports accounted for about 30 per cent of all Latin American exports.

Payments to some 600,000 employees came to almost \$1 billion. Investment activity in Latin America by U. S. companies in 1956 was at a much higher rate than in 1955.

GOVERNMENT SPENDING

Legislative review of the President's budget is well under way.

outlook

Some bills are already in the Senate for consideration. However, it will be some time before "big money" bills are completed by the House.

Considerable study and debate are expected in the Senate on the defense bill. Senator Symington, who led a successful fight to add to the current year's request for the Air Force, is expected to take a similar stand for fiscal 1958. Basis for increase will be the Symington report showing U. S. air power lagging behind Russia's. Nevertheless, the fact that Defense chose not to spend a large part of the additional sum appropriated this fiscal year will cause many to take a second look.

Major increases in nondefense spending are being viewed with skepticism in some quarters. These have much political appeal however—federal aid to education, agricultural supports, etc.

Major battle to effect economies will center in Senate. Economy-minded House is continuing its usual role of cutting the President's proposals—though with somewhat less vigor. Senate is more likely to go along with the budget; thus is the target for economy supporters.

LABOR

Look for increased activity in the labor field on Capitol Hill this session of Congress. Several things point to this. The unwieldy (30 member) House Committee on Education and Labor has been broken down into five subcommittees: three to handle labor legislation—Labor Standards, Labor-Management Relations, and Safety and Compensation—the other two to handle legislation concerning education.

Worth noting is the fact that the three House members chairing the three labor subcommittees have voted, without deviation, for union legislative objectives, according to AFL-CIO voting lists circulated last fall. This means an increased number of hearings on labor-backed bills.

On the Senate side, the Select Committee to investigate "improper" activities in labor-management relations is in action. Despite the fact that the initial probing is being confined to "racketeering" and the Teamsters, the committee has wide authority, and, if given leads, will undoubtedly explore other abuses.



Too, if public opinion is aroused sufficiently by the activities on the New York waterfront, it could cause Congress to bore in.

NATURAL RESOURCES

Federal power proposals in the President's record peacetime budget make more urgent than ever the need for a board to review resources projects and needs.

The 1958 budget includes some \$245 million for federal power in the Tennessee Valley, Missouri River basin, and Pacific Northwest. On top of these power developments are requests for \$367 million for continuing some 200 river and harbor and flood control improvements, even as Congress gets another omnibus public works bill authorizing 100 new projects.

The present backlog of \$8 billion in authorized water and power projects indicates a pressing need for: 1, a reappraisal of the federal, state, and local responsibilities; and, 2, establishment of a realistic time schedule whereby the most pressing projects will get priority.

Every group that has studied the problem in recent years has recommended the establishment of an independent and impartial board of review to study the projects and advise Congress and the President. For background and a description of the proposed board send for the Chamber's report entitled: "Needed: A Water Resources Board of Review."

TAXATION

Secretary Humphrey continues to draw a firm barrier across the road to tax reduction of any kind at this time.

In discussing recently the problem of "unintended benefits and hardships," highlighted by the Mills Subcommittee studies, he distinguishes

carefully between those which would lose the government revenue and those which would increase receipts. Correction of inequities in our tax laws which would reduce revenue must wait. But those which would add revenue should receive immediate attention.

Even a swap which resulted in no net loss would be unacceptable.

Treasury opposition to any relief this year is clear.

Representatives Mills and Forand will continue to push for corrections in the fields of income and excise tax inequities but prospects for overcoming the Treasury position are not good.

TRANSPORTATION

The legislative recommendations of the Interstate Commerce Commission serve to point up the existence of critical problem areas in transportation.

Specifically, the Commission exhibited deep concern for the nation's common carrier system, because of increasing competition to rail and motor common carriers from exempt and private carrier operations. In this connection, its major recommendations urged that Congress: review exemptions granted to motor carriers, in the belief that recent court decisions authorized exemptions far beyond what Congress originally intended; more carefully define and more closely regulate contract carriage; more sharply define all for-hire carriage exempted from regulation by the Act, and review the exemption clause concerning freight forwarders.

Also, with the common carriers in mind, the Commission urged the elimination of preferential rates to government agencies under Section 22 of the Commerce Act, and the removal of the transportation tax which discriminates in favor of private carriage.

MONEY BEHAVE

continued from page 41

part or all of the desired funds in return for guaranteed steel deliveries. The money market has been bypassed.

Or the volume of money and credit may be modified by changes in terms agreed upon between firms. Payment may be made in 60 days instead of 30. Discounts may be increased for prompt payment, or prompt payment may be required. Industry, which always serves as its own banker to a great extent, can modify its credits and liabilities somewhat independently of financial institutions.

A few figures illustrate these developments. Cash in banks held for the credit of corporations totaled less than \$20 billion at the end of 1945, and about \$32 billion at the end of 1956. This was an increase of about 60 per cent. But receivables from other than the United States government increased from \$23 billion to more than \$84 billion, an increase of 265 per cent. Cash and deposits are relatively less important today than they used to be.

Even if companies cannot get money in the market place, they may be able to resist the currents the Federal Reserve Board is creating. In 1954, when business dropped off, corporations offset some of the financial strain by cutting their cash and government security accounts

by \$1 billion in addition to reducing inventories.

In 1956, when money was harder to get, they reduced their cash and government security accounts by \$5 billion. Corporations got by with smaller balances in relation to the checks handled, and they made their money work more effectively in other ways. In general, the velocity with which deposits were used outside of New York City is estimated to have increased about eight per cent in 1956.

That is one way of saying that \$100 of deposits did about as much work at the end of 1956 as \$108 did at the end of 1955.

The point is simple. When monetary, or tax, or regulatory authorities try to restrict action, people and firms try to escape the new fetters. In the monetary field, they may ward off many of the effects for months, and some of the planned effects for a year or more.

Another and possibly more serious defect lies in the fact that it is difficult to restrict long-term credit with short-term tools. Most of the tools at hand—such as reserve requirements, discount rates, open-market purchases—operate through the short-term market. As credit was tightened in 1955-56, the average rate for short-term bank loans to selected business rose from an average of about 3.6 per cent in 1954 to about 4.14 in June, 1956, or 15 per cent. But the yield on long-term issues rose from 3.51 per cent in 1954 to 3.75, or only 7 per cent. The yield on 200 common stocks, which in 1954 was 33 per cent above the short-term bank rate, was 3 per cent below that rate by June, 1956.

Despite the pressure on the monetary system, bank loans and mortgages to corporations, which went up to \$4.4 billion in 1955, went up \$6 billion in 1956. The sale of new issues, which yielded \$7 billion net in 1955, brought in \$8 billion net in 1956. With all the pressure that was exerted in the short-term markets, plant and equipment outlays (long-term outlays) rose from \$24 billion in 1955 to \$30 billion in 1956, and inventories grew from \$4.6 to \$6 billion. The two together rose \$7.2 billion, or 25 per cent more in 1956 than in 1955.

Difficulties of controlling the short-term market itself are great, too. For instance, the tools that work in the short-term market may be blunted by the process of getting money for short-term purposes in the long-term market. Obviously, banks with a large supply of governments, or other long-term paper, can sell such assets and use the money obtained to make short-term loans

if these are more profitable. It may be even more difficult to discourage certain corporations, such as acceptance corporations, from getting funds in the long-term market, and re-lending the money in the short-term market, than to discourage banks from doing this.

As if all this did not make monetary control difficult, consider the fact that the apparent short-term interests of the Federal Treasury, and the national long-term interest in economic growth and price stability, may not always match. The federal government had about \$277 billion of various forms of debt or guaranteed issues outstanding at the end of 1956. An increase in interest, considered necessary to help fight inflation, therefore can be expensive to the Treasury.

Due to the size of its debt, the actions of the Treasury can either support or partially offset actions of the Federal Reserve in the monetary and credit field.

This points up a major issue. If the Treasury or the Administration feels that its policy is being frustrated by semi-independent or independent agencies such as the Federal Reserve Board, the government may be tempted to try to obtain authority over the dissenting agency. It may attempt to do this through appointing men to responsible posts whose views follow those of the Administration. Or it may attempt to change the laws or the administrative orders under which the agency operates.

Coordination of the policies of all agencies has obvious advantages. In periods of great strain, such as during wars, coordination may be necessary. But in peacetime, coordination could cost heavily.

When policies are centralized, a major decision affects the entire economy. If it is a good decision, all benefit. If it is a bad decision, all suffer.

As matters now stand the Treasury can act in one way, the Federal Reserve in another, the Home Loan Bank Board in a third. The fact that responsible, well informed, and skilled agencies disagree means that there is real doubt as to what policy is going to be best.

If the Administration controlled the Federal Reserve Board and the Home Loan Bank Board, political expediency might dictate an inflationary policy which would be difficult to reverse. If the Federal Reserve Board were able to control, it might decide the housing market was oversupplied, and be relatively indifferent to the effects of its actions on that market.

On the other hand, it will usually

BRAKING A BOOM

During the Korean War, Canada slowed an investment boom by invoking a mechanism which worked automatically and impersonally. The Canadian government removed the right to charge depreciation against new investment for tax purposes, which made all investment less profitable.

Anyone, however, could go to the government and try to demonstrate that a proposed investment would be advantageous to the war effort. If he could prove his case, he was allowed to charge depreciation as a cost for tax purposes.

Want more time
to think?



THOUSANDS OF EXECUTIVES SKIP HOURS OF TIME-CONSUMING PAPERWORK WITH VERIFAX COPYING

IMAGINE answering half your mail without dictation and typing . . . doing away with "I quote the customer" memos . . . dispatching copies of incoming reports (with your notations) to key men *simultaneously*.

You'll do all of this—and more—

Price quoted subject
to change
without notice.

with brief pencil or pen jottings and *Verifax* copies. (Your secretary can make 5 of these photo-exact copies in 1 minute for just 2½¢ each.)

If a Verifax Copier did nothing more than cut dictation and typing, it's safe to say you'd save its cost the very first month. But this versatile copier *does jobs other office copiers*

can't touch. For example—makes copies on your printed office forms . . . *even makes an offset master in 1 minute for as little as 15¢.*

Mail coupon for new "Short Cuts" booklet . . . and details on complete line of Verifax Copiers. Or phone nearest Verifax dealer, listed in "yellow pages" under photocopying equipment.



ONLY \$148 . . . Kodak's new Verifax Signet Copier makes 5 copies in 1 minute for just 2½¢ each. *Even one-man offices report saving its cost the very first month!* Thousands in use. Pays to have one in every department.

Verifax Copying

DOES MORE . . . COSTS LESS . . . MISSES NOTHING

MAIL COUPON TODAY

EASTMAN KODAK COMPANY, *Business Photo Methods Division*
343 State Street, Rochester 4, N. Y.

Gentlemen: Please send free Signet folder and
"Short Cuts" booklet. No obligation.

56-3

Name _____ Position _____
Company _____
Street _____
City _____ State _____

Kodak
TRADE-MARK



The suit that fits Smith —might not fit Jones

An organization looking for a new plant site has certain requirements in mind having to do with factors such as materials, labor, utilities, and so on. But—a site "made to order" for one company might fall short of suiting another.

That's why we suggest you give consideration to the "Union Pacific West." In such a vast area it's practically a certainty you will find a location to fit your specific needs.

There's one sure thing. Any site on or near Union Pacific trackage has one of America's finest transportation services at its doorstep.

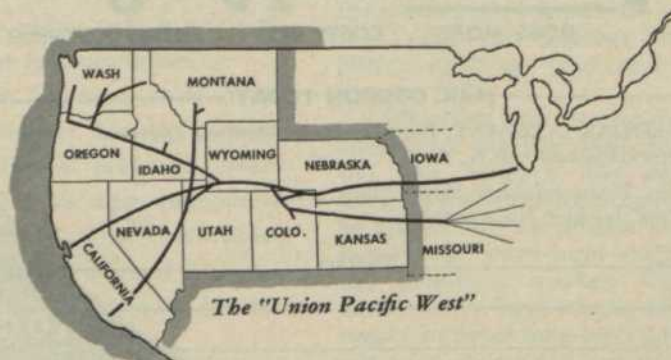
.....

For complete and confidential plant site information, phone your nearest U.P. representative or contact us direct.

INDUSTRIAL DEVELOPMENT DEPARTMENT

UNION PACIFIC RAILROAD

Omaha 2, Nebr.



MONEY BEHAVE

continued

be safe to proceed with divided councils for a time. Under such conditions, there is less chance of taking an irretrievable step which, if wrong, would have such an impact on the entire economy as to be impossible to reverse. The chances of making a major mistake are greater under a centralized than a non-centralized system.

Nevertheless, coordination is desirable when it can be had without the loss of necessary safeguards of the sort inherent in our competitive economic and our constitutional political systems. Those who can discover a happy compromise which will give the most advantages of both coordination and checks and balances will be performing a service which is essential to any long-lasting improvement of our monetary and financial system.

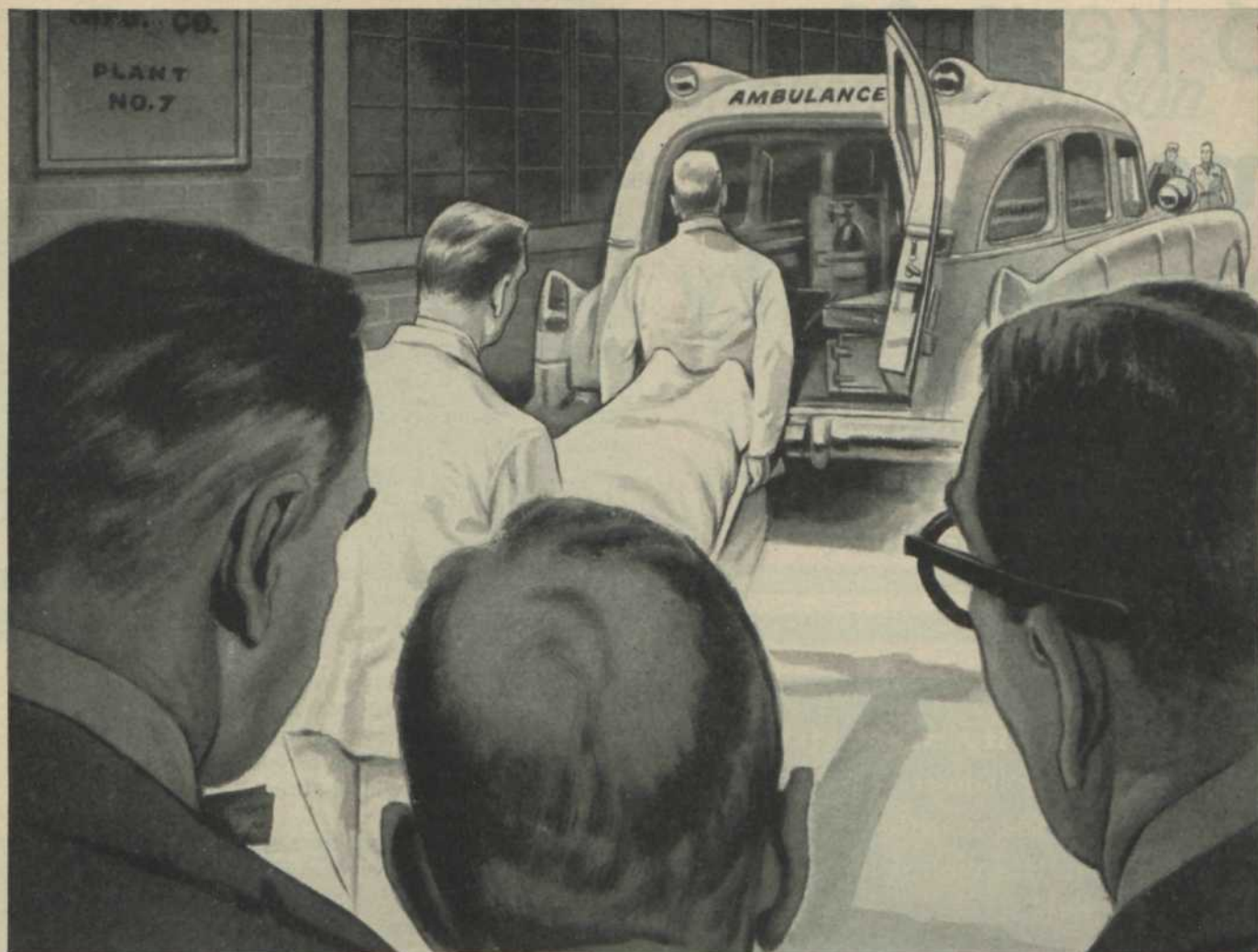
We do not need just a better Federal Housing Administration, or Federal Deposit Insurance Corporation. We need a system into which all financial institutions fit; a system in which financial, corporate and individual actions can mesh. That means a review of the problem in the light of the working of the entire economy.

Pension funds, for instance, are growing faster than any other type of investment. They are taking more and more funds from the economy, but today they are highly restricted for practical reasons, at least, in the areas to which they can channel funds. This may interfere with the growth of the economy, as well as with effective monetary control.

The problem is complicated but not hopeless, because the basic problem is understood. The supply of money and credit must grow fast enough to permit the economy to grow in a healthy fashion, without encouraging inflation. Institutions must be developed or created which will operate so that those who demonstrate that they can make the best use of the money will get it.

There can be honest debate about how a study should be sponsored, how it should be organized, and how it should be carried on. But there can be no question that a basic new study is needed of the over-all responsibility of the federal government, of the environment in which financial institutions work, of the over-all policies, practices, rules and laws that guide their operation, and of the general supervision that these institutions need.

—ROBINSON NEWCOMB
Economist and business consultant



Whether it's a Compensation case or a Group case
**give him the benefit of 43 years
 of claim service experience**

Have you ever considered the advantages of having your firm's Workmen's Compensation and Group Insurance written by the same insurance company?

Both you and your employees stand to benefit through this "two-way coverage" by Hartford. For it virtually insures more inclusive protection . . . efficient service . . . prompt payment of claims.

In 1913 the Hartford Accident and Indemnity Company began building its country-wide network of claim service offices which now total over 200.

All the wealth of knowledge our company and our staffs have gained in 43 years of handling Workmen's

Compensation is available to you on Group Insurance coverages as well.

And Hartford's "two-way coverage" combination is particularly valuable when cases come up that are hard to fit into a definite Workmen's Comp or Group category — *borderline cases*.

When you have combination

coverage with the Hartford, settlement of claims is smooth and uncomplicated.

You should certainly look into Hartford "two-way coverage" for your Compensation and Group Insurance needs. See your Hartford Accident and Indemnity Agent or your insurance broker.

*Year in and year out
 you'll do well with the*

Hartford
 Fire Insurance Company
Group



Hartford Fire Insurance Company
 Hartford Accident and Indemnity Company
 Hartford Live Stock Insurance Company
 Citizens Insurance Company of New Jersey
Hartford 15, Connecticut
 New York Underwriters Insurance Company
New York 38, New York
 Northwestern Fire & Marine
 Insurance Company
 Twin City Fire Insurance Company
Minneapolis 2, Minnesota

3 keys to more productivity

Lower costs, prices likely if we get it. Eisenhower warns of inflation if we don't

Why productivity must rise

Wages in all basic industries will rise this year under the impetus of long-term labor contracts with deferred increases due in 1957.

Some 4,500,000 workers will get increases of five to 10 cents an hour. Unless the increased labor cost is made up in higher productivity, prices are likely to rise and profits drop.

Here's an example of what can happen: At Bendix Aviation Corporation last year

Sales went up
\$14.2 million

But payroll went up
\$19.7 million

This sent earnings down
\$1.6 million

Malcolm P. Ferguson, Bendix president, gave stockholders this explanation:

"The large wage and so-called fringe benefit costs of our labor contracts . . . could not be fully absorbed, quickly, in our sales prices or by our cost-reduction

INCREASED productivity, the key to our economic growth and well-being, could bring some exciting things in the future.

If historical productivity trends continue, we can expect a higher standard of living through higher incomes, relatively lower prices, lower unit cost of production and services, shorter working hours and other benefits.

Family incomes, for example, which today average \$7,000 a year, can rise to \$8,550 in 1965 and \$11,000 in 1975.

That's a rosy outlook. Its realization, however, depends on three things:

1. Steady upgrading in the skill and education of workers.
2. Creation of new and improved machinery, equipment and plants.
3. Development of more efficient business organization and management and improved procedures in labor relations.

The need for knowledge on productivity was stressed by President Eisenhower in his State of the Union Message. He warned businessmen and union leaders that wage increases must be kept in line with productivity and unnecessary price increases must be avoided.

"Wage increases that outrun productivity," the President noted, "are an inflationary factor."

What is productivity? How do you measure it? What factors will influence it in the future? How do you increase it?

Basically, productivity is the ratio of output to input—not an indicator of total production. Measured at intervals, it indicates a trend of efficiency. It depends on the worker, his machinery, equipment and other physical factors relating to his work, plus the management and other nonphysical aspects of his job.

Productivity gains are commonly divided among three groups: the employees, consumers and business management.

Employees may take their gains in the form of increased purchasing power, shorter hours of work, or as a combination of the two.

Traditionally about half the employee productivity gains have been taken as decreases in the workweek and about half as increased spending power.

Consumers usually benefit by lower prices when employee wage gains are approximately equal to, or less than, productivity increases. However, during recent years wages have risen so much faster than productivity, the price level has also risen.

Business profits are residual after meeting other business costs and there is a much less distinct relationship between productivity gains received by business and those received by employees and consumers.

Different factors are used in measuring productivity, depending on what information is sought.

A number of studies now under way are evolving more and improved information for measuring productivity trends and the impact of technological advance on productivity. It is vital that businessmen know of these studies because their objectives are the creation of new tools with which to plan ahead.

Among the present studies are these:

1. The Bureau of Labor Statistics of the U.S. Department of Labor has developed four different indices of

Foresight by



Johnson & Johnson



Plant Site by  *PRR*



Johnson & Johnson's desire to build the world's largest, most modern plant for the manufacture of surgical dressings and baby products was transferred into prompt action when Pennsylvania Railroad located them at North Brunswick, New Jersey.

PRR quickly arranged property surveys and soil analyses, joined with local community groups to expedite construction and work out building code requirements. During construction, PRR rushed needed building supplies to the site via fast freight. The result

is this new plant strategically located along the PRR main line and U.S. Route 1. PRR's vast experience in plant locating is offered to all industries... can help put your business in the area of its most outstanding growth potential.

All of this is supplementary to the Pennsylvania Railroad's prime purpose... to supply you with the finest direct line transportation in America's most densely populated and richest markets.

Plan your future in Pennsylvand!



Lines of the
PENNSYLVANIA
RAILROAD



PENNSYLVANIA RAILROAD

EVERYTHING FOR INDUSTRY

BALTIMORE
A. J. ROLLERI
1800 N. Charles St.
MUlberry 8-4800

BUFFALO
T. C. KIRKLAND
405 Seneca St.
CLEveland 5830

CHICAGO
C. D. WILKINS
Union Station
CEntrol 6-7300

CINCINNATI
J. T. MATTHEWS
230 E. Ninth St.
DUmbar 1-3700

CLEVELAND
R. REAM
2021 E. 55th St.
ENdicott 1-2121

INDIANAPOLIS
V. J. FLOYD
Union Station
MElrose 6-9331

NEW YORK
F. J. HASSON
Penna. Station
PENna 6-0000

PHILADELPHIA
A. J. VONK
Penna. Sta.—30th St.
EVergreen 8-1000

PITTSBURGH
H. C. MILLMAN
Penna. Station
GRant 1-6000

R. W. GRIGG, Gen. Mgr., Industrial Development • D. B. LENNY, Asst. Gen. Mgr., 6 Penn Center Plaza, Philadelphia 4, Pa., EVergreen 8-1000 EXL 8011

FRIGIDAIRE

**low
cost**

custom cooling

**fits your
business
needs**

precisely!

Let your Frigidaire Custom Cooling man show you how—and for how little!



*Compact, easily installed
packaged conditioners*

*Attractive
ceiling-
type units*



Room conditioners

Why adapt your business air conditioning needs to an old-fashioned, inflexible air conditioning system? Why, indeed, when you can have Frigidaire low cost custom cooling adapted expressly to your type of business, your cooling load and available space?

What's good for your business neighbors may be all wrong for you in performance and cost. Ask your Frigidaire Air Conditioning Dealer. He may recommend a self-contained unit or a strategically located cooling coil and blower with a completely remote air- or water-cooled condensing

unit. He may even suggest one or more full capacity Frigidaire room conditioners to do the job.

Whichever Frigidaire system is right for you, your dealer will quickly know. No obligation for a survey. And when you own Frigidaire custom cooling, you don't have to be an air conditioning engineer to know your system meets the *top* of the standards you set for everything you use in your business.

See the Yellow Pages, or write FRIGIDAIRE DIVISION, General Motors Corporation, Dayton 1, Ohio.



PRODUCTIVITY

continued

output per man-hour of production workers in manufacturing so that, for the first time, shifts in important industries can be reflected in the productivity trend.

BLS prefers output per man-hour as a productivity measure because "it takes account of the utilization of human beings—the ultimate source of production." The data are easily available, too. Admittedly, this is only a partial measure of national productivity.

BLS has also completed case studies of the introduction: 1, of an electronic computer in a large insurance company; 2, automatic production methods in a plant making television sets; 3, automatic technology in a large bakery.

It is currently studying technological change at a petroleum refinery and the use of an automatic system of handling reservations by an airline. Studies are planned in plants adopting automatic techniques in metalworking, wholesale distribution and chemical industries.

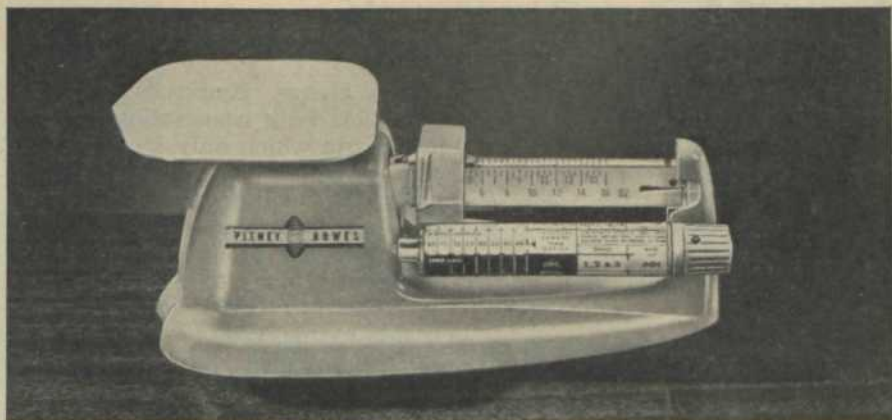
Evidence thus far indicates that so-called automation at this stage increased output appreciably in plants using it but has produced no extraordinary gains in productivity for manufacturing as a whole.

BLS hopes this year to make a larger study to find out what industries are using the electronic computer and what implications it may have for other industries.

2. *The National Bureau of Economic Research, Inc.*, is studying trends in wages and productivity since the Civil War. This study uses a new concept of measurement which takes into account the contribution of capital as well as labor to improved productive efficiency. Partial information, covering the trend since 1899, is available in a report by Dr. John W. Kendrick, National Bureau staff member and economics professor at George Washington University. It covers 33 industry groups and the domestic economy as a whole.

3. At *Ohio State University*, Robert D. Buzzell is trying to measure the contribution of various factors in the productive process, rather than labor alone, under the direction of Dr. Theodore N. Beckman, professor of business organization and consulting economist for major business concerns.

The Ohio State project would develop measures of productivity for management use applicable to individual enterprises rather than to the economy as a whole or broad in-



New! Pitney-Bowes Scale for small offices

This new mailing scale, precision-built by Pitney-Bowes, computes postage costs from 1/2 ounce to 1 pound, is a real saver of time and postage in any office. Its handy cylindrical chart permits swift, safe rating of letters and small parcels including air mail. Prevents loss of postage money through overpayment, and loss of good will through underpayment (with resulting "postage dues").

Other models for larger mailers include parcel post up to 70 lbs. Ask your nearest PB office to demonstrate, or write for free illustrated booklet.

FREE: Handy desk or wall chart of Postal Rates with parcel post map and zone finder.



PITNEY-BOWES Mailing Scales

PITNEY-BOWES, INC., 1379 Walnut St., Stamford, Conn.
Originators of the postage meter... offices in 101 cities

Tomorrow's Features

TODAY



Modern today — modern in the foreseeable future. Thrill to feather-touch typing with Olympia! Thrill to Olympia's beauty and perfection offered by the makers of the world's finest precision typewriters! See it, try it, at your typewriter dealer's, or write us.

Nation wide sales and service by experienced office machine dealers.

Olympia

WRITES BEST OF ALL...
BECAUSE IT'S BUILT BEST OF ALL

OLYMPIA DIVISION INTER-CONTINENTAL TRADING CORPORATION
90 WEST STREET • NEW YORK 6, N. Y.



everyone looks up to Hennessy on-the-rocks



Try HENNESSY "ON-THE-ROCKS"—a light, dry, "easy-to-live-with" drink you will enjoy through the evening. For all occasions, have Hennessy Cognac Brandy handy in your home.

★★★
HENNESSY

COGNAC BRANDY

84 Proof • Schieffelin & Co., N.Y.

PRODUCTIVITY

continued

dustry groups. Emphasis is on distribution, both wholesaling and retailing, in which only meager data are available.

Dr. Beckman doesn't like the emphasis on man-hours of direct labor in measuring productivity because "it has led many to believe that all increases in productivity are attributable to this type of labor."

He thinks productivity might be measured as a ratio of output to investment in capital goods or to machine hours of operation, thus giving credit to the contributions of supervisory and indirect labor and capital investment as well as to direct labor.

"Much progress can be made in the measurement of productivity," Dr. Beckman believes, "if the output in terms of value added would be related to the various functions of production and not to labor alone."

He is convinced it may be possible to determine just what factor is responsible for improved productivity and to what approximate degree.

4. *The National Industrial Conference Board* has published a three-part study of productivity trends by Milton Lipton, a member of its business economics staff. This covers: 1, the continuing change in the contribution of capital and labor; 2, portents for the future; 3, what the averages conceal.

5. *The Public Affairs Institute*, a labor-dominated research organization established in Washington 10 years ago, has just come out with a study, "Productivity and Employment, 1955-1965," which seeks to show that, unless working hours are decreased, a continuation of the present trend toward increased productivity will cause major unem-

ployment. The consensus of all these studies is that the productivity trend, over the long run, has been upward. Figures vary on how much productivity has been rising. Most of them are averages and do not reflect the true picture for all industries, for all businesses or for all years.

It is generally stated, however, that over-all productivity has been rising about two per cent a year, and that the rate has increased since World War II.

President Eisenhower states in his Economic Report to Congress that productivity gains have, historically, been uneven from year to year. During his Administration, gains were "quite large" in 1953 and 1955, but "were small during the 1953-54 contraction and again in 1956."

BLS gives a longer view in terms of output per man-hour of production workers in manufacturing.

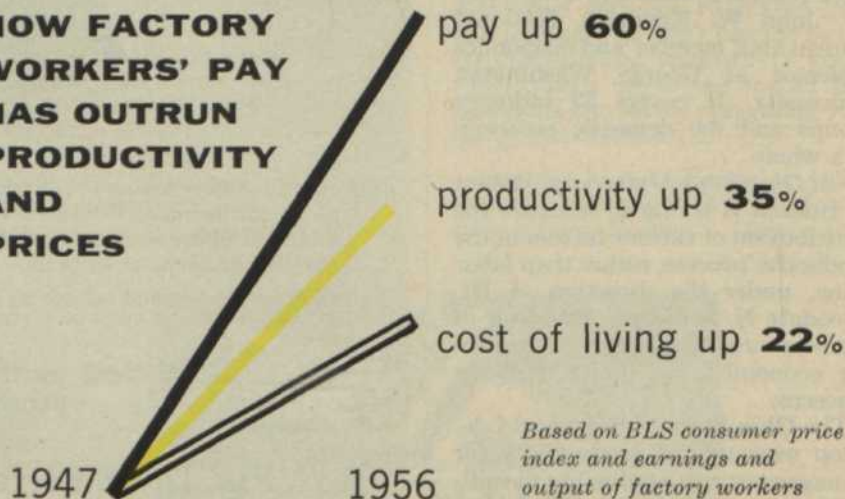
From 1909 to 1939, productivity in these narrow terms increased an average of 3.3 per cent a year, according to Leon Greenberg, chief of the BLS Division of Productivity and Technological Developments. There were wide annual and periodic variations during this period, however.

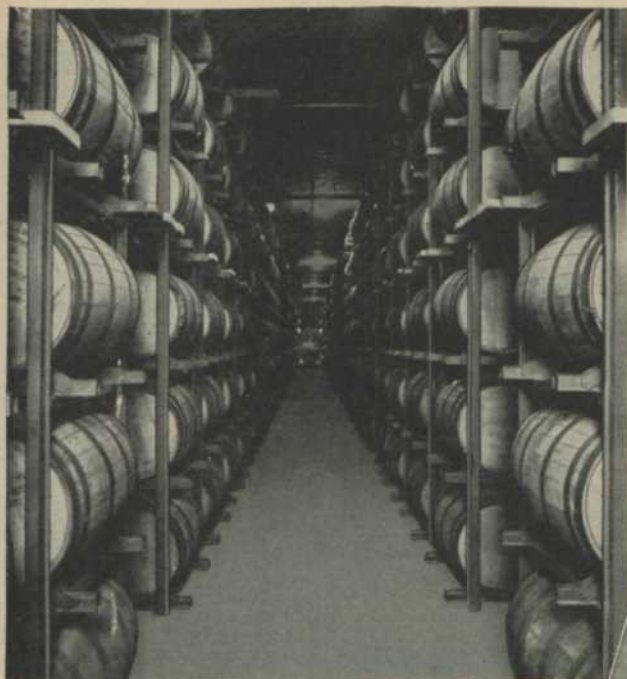
For the first 10 years, the annual increase averaged only 1.4 per cent; during the next five years, 2.9 per cent. For the next five years, including the World War I period, there was no change. The next 10 years, 1919-1929, saw a sharp rise of 5.3 per cent annually. For the last 10 years of the period, including the depression, the rise was only 2.2 per cent a year.

Despite this steady upward trend, productivity dropped in 1923, 1932 and 1937.

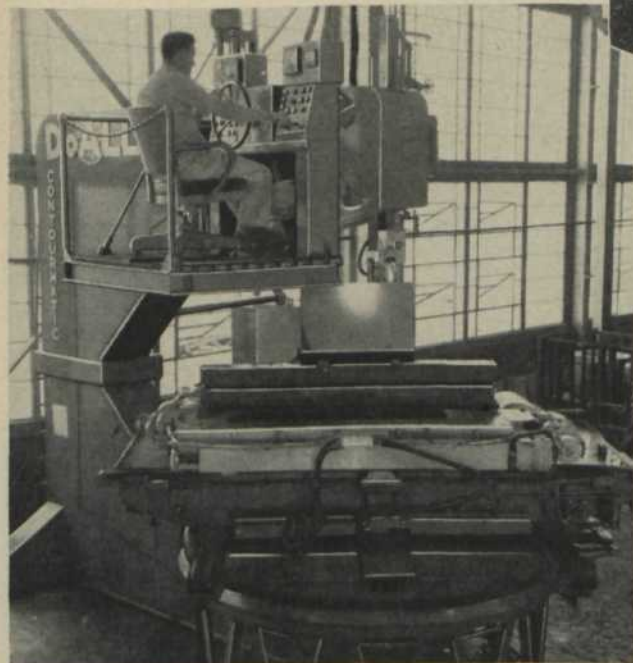
During the war and immediate
(Continued on page 56)

HOW FACTORY WORKERS' PAY HAS OUTRUN PRODUCTIVITY AND PRICES





National Distillers Products Corporation, one of America's leading distillers and chemical manufacturers, uses Copyflex to prepare sales statistics and other periodical reports on a fast, one-writing basis. New entries are posted directly on originals of the periodic reports; copies are mechanically produced without the loss of time, expense, or inaccuracies of rewriting or retyping previously issued data. Copyflex speeds issuance of reports by two weeks.



The DoAll Company, world's largest manufacturer of band machines, is the creator of the giant band saw shown above. Copyflex machines speed order-invoice paperwork, cut shipping time by 50%. Installed in 35 branch outlets, Copyflex eliminates manual copying, saves \$100,000 annually in clerical work.

BRUNING

Copies anything typed, written, printed, or drawn on ordinary translucent paper—in seconds.

Copyflex

CHARLES BRUNING COMPANY, INC., CHICAGO

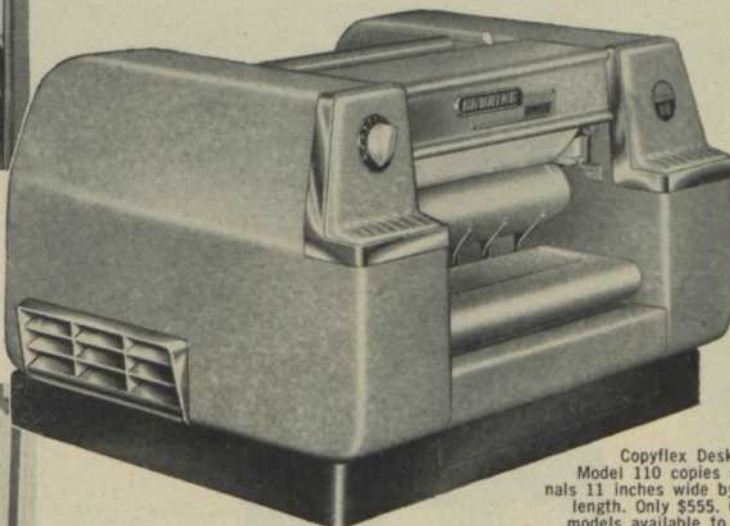
In Canada: Charles Bruning Company (Canada) Ltd., 105 Church St., Toronto 1, Ontario

Offices in
37 Cities of
the U.S. and
Canada

You, too, Can Slash
Paper Work Cost; Speed
Major Business Operations
with Revolutionary

Copyflex

ONE-WRITING METHOD!



Copyflex Desk Top
Model 110 copies originals 11 inches wide by any length. Only \$555. Other models available to copy originals up to 46 inches wide.

Everywhere, alert firms like those described here are simplifying and speeding everyday business operations with the revolutionary one-writing method made possible by modern Copyflex copying machines. You surely can, too!

With Copyflex, you write basic information only once—the entire series of varied copies needed to complete any systematized business operation are mechanically reproduced from the original. You eliminate the big cost and delay for retyping or rewriting constant information from one form to another. This frees personnel for other important work, gives you tighter control of operations, saves thousands of dollars.

Copyflex machines are clean, odorless, economical—letter-size copies cost less than a penny each for materials. Copyflex will fit readily into your present systems. Mail coupon today—it can mean important savings of time and money for you!

Charles Bruning Company, Inc., Dept. 31-NB
4700 Montrose Ave., Chicago 41, Illinois

Please send me information on the Copyflex process and machines.

Name _____ Title _____

Company _____

Address _____

City _____ County _____ State _____

ANNOUNCING WESTINGHOUSE

with **ULTR**



WESTINGHOUSE
40W COOL WHITE
USA

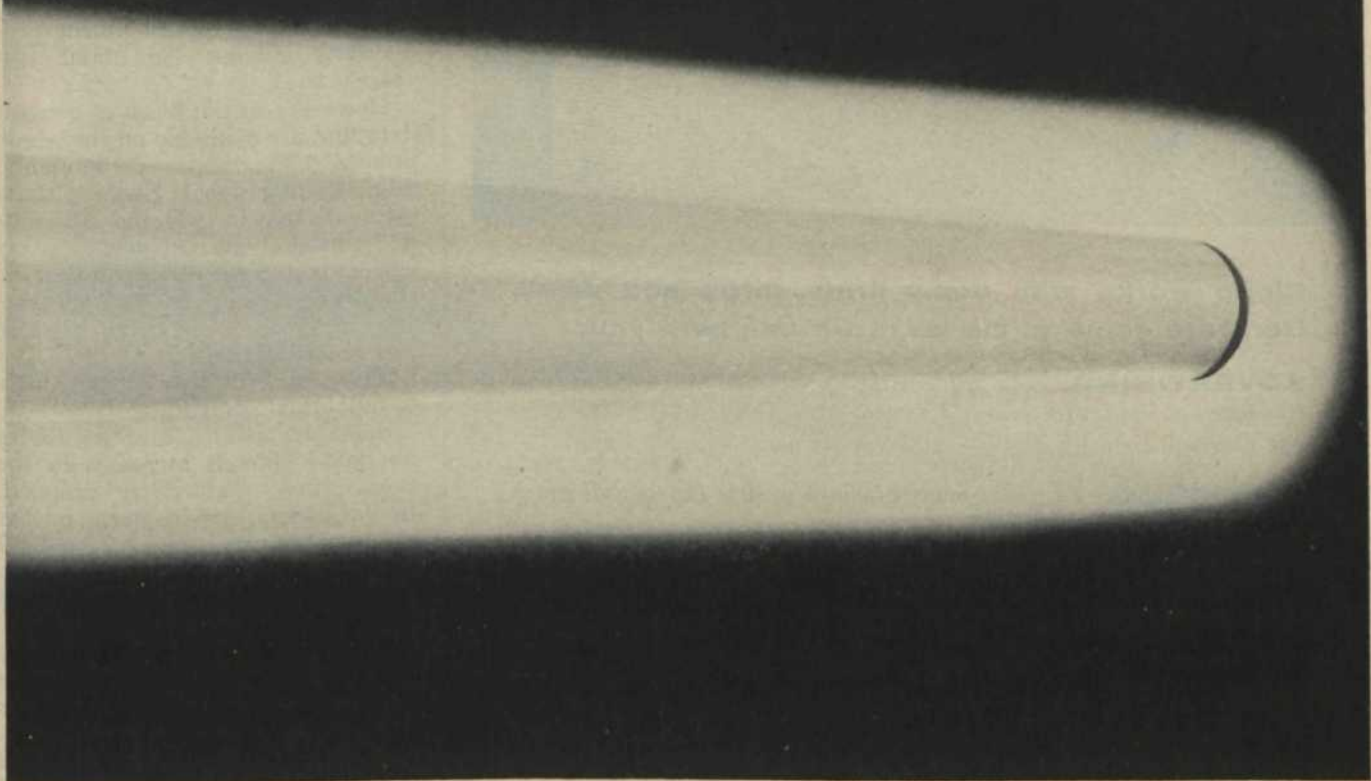


YOU CAN BE SURE... IF IT'S **Westinghouse**

FLUORESCENT LAMPS

ALUMETM

high intensity phosphors

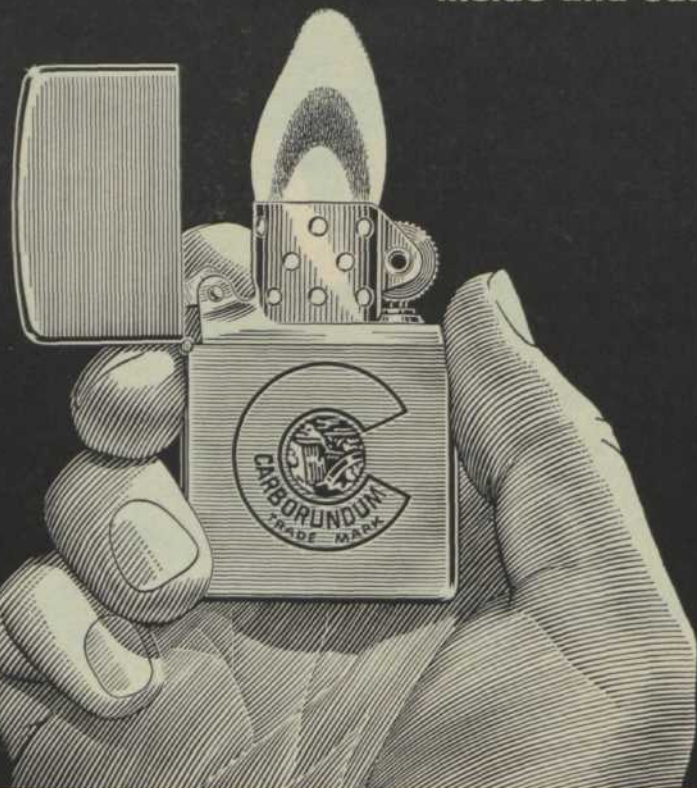


START BRIGHTER . . . MAINTAIN BRIGHTNESS LONGER . . .

- **MORE LUMENS PER WATT**—more light for your dollar.
- **PLUS UNIFORM END-TO-END LIGHT** . . . always perfectly color-matched . . . maximum light output maintained throughout life—and carrying the **WESTINGHOUSE ASSURANCE** of performance satisfaction or full purchase price refund.
- Get the most for your lighting dollar—call your Westinghouse Lamp Distributor today, or write Westinghouse Lamp Division, Dept. NB, Bloomfield, N. J.

ZIPPO®

can help your business...
inside and out!



Zippo works with many firms, large and small. Here are some of the ways we can help you:

ADVERTISING! Your trademark, or message, on a Zippo gets frequency of impact for years! Costs less than 1¢ per week! The average user will light his Zippo—and see your name—73,000 times!

GIFTS! Quality Zippos in many gracious models for the *full range* of your gift giving!

INCENTIVES! Zippos spark interest in incentive and suggestion programs...and lasting stimulation for managers, salesmen, distributors, retailers and others. Any message can be engraved!

RECOGNITION! Say "Thanks for a job well done" with Service Recognition Zippos. Use the wide range of Zippo models to improve plant safety, commemorate anniversaries...banquets...sports events...housewarmings...any outstanding occasion.

The famous Zippo guarantee—if anything ever goes wrong with a Zippo, we fix it free—assures you of a lasting gift of finest quality! Send coupon below for the full story!

Zippo Manufacturing Company, Bradford, Pa., Dept. N-453

Please furnish me information on how Zippos can help me with

☐ Advertising ☐ Gifts ☐ Incentives ☐ Recognition

Name _____ Position _____

Firm _____

Address _____

PRODUCTIVITY

continued

postwar period, 1939-47, the average rate of productivity growth in manufacturing ranged from one half to 1½ per cent a year, depending on what measure is used.

"This low rate, in conjunction with the lack of increase in the World War I period," Mr. Greenberg says, "shows how major interruptions of industrial activity depress productivity."

From 1947 to 1953, a period marked by general economic growth, the annual rate of increase in output per man-hour averaged between 3 and 3.6 per cent. This is in line with the long run average of 3.3 per cent for the years 1919 to 1939, but much less than the 5.3 per cent annual rate in the 1919-29 period, or a 6.8 per cent rate during the shorter period, 1919-25. The difference would be less, however, if adjustment is made for the shift in production from low to high efficiency industries.

Detailed data for computing productivity usually lag about two years.

However, on the basis of general data that are available on the whole private nonagricultural economy, BLS Commissioner Ewan Clague estimates that in 1954 and 1955 output per man-hour increased an average of about three per cent a year, or slightly less than the 1947-53 average. In 1956, he says, the increase was practically nil.

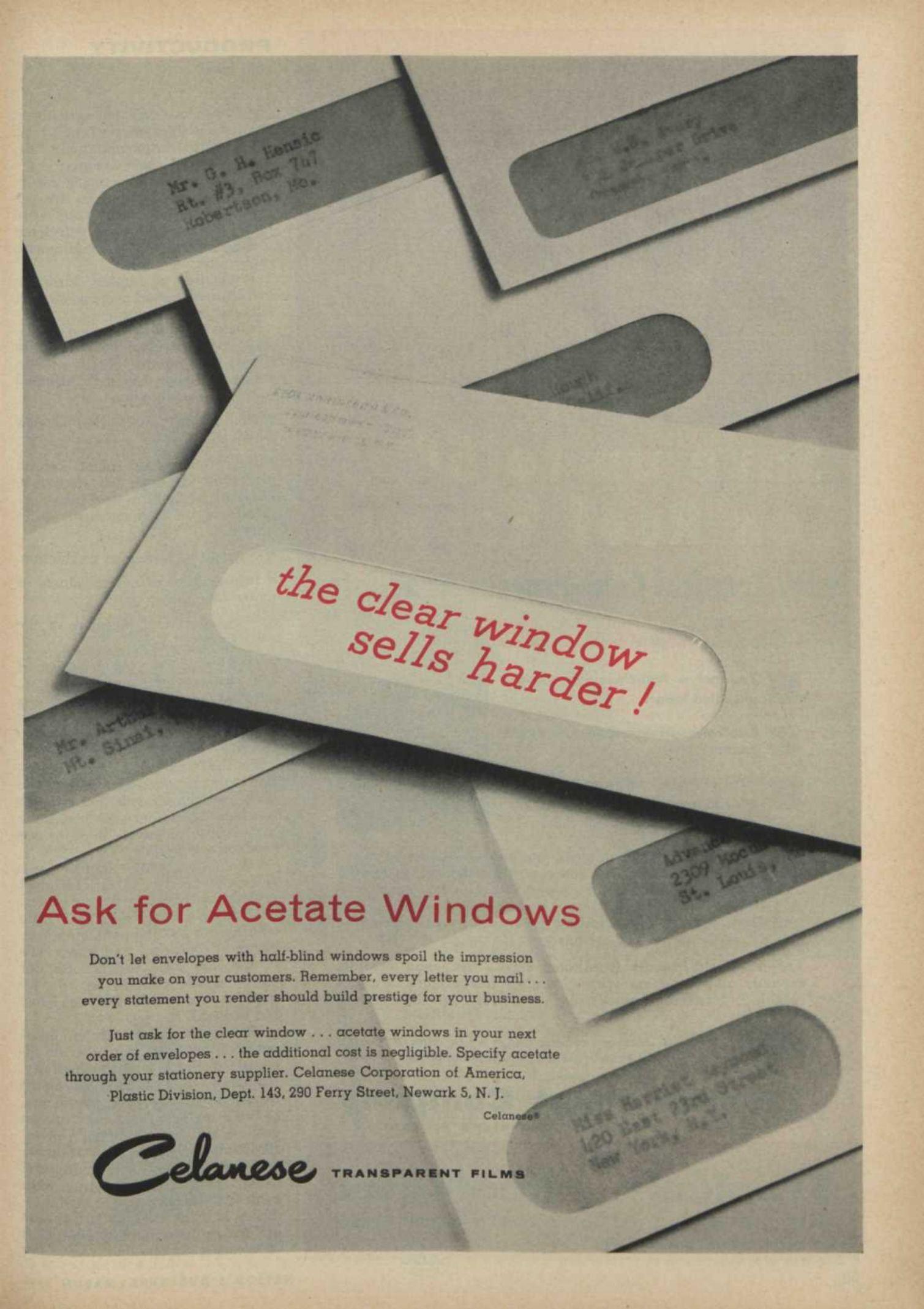
These over-all trends mean little to individual companies.

Some companies and industries no doubt showed increases in the years when productivity dropped. In basic steel, for instance, output per man-hour as computed by BLS dropped 2.6 per cent during 1954, then shot upward by 11.4 per cent the next year.

Productivity in steel is closely related to production volume. When volume drops, so does output per man-hour. When it rises, productivity does the same. This is true of most industries.

Rising productivity would be encouraged by tax reductions, more realistic depreciation policy and other actions which stimulate a high level of business activity and plant improvement and expansion.

In the National Bureau study, Dr. Kendrick found that from 1899 to 1953, in the industry groups for which individual estimates were available, the average annual increase in productivity was two per cent a year. Gains in the manufacturing and mining segments were



*the clear window
sells harder!*

Ask for Acetate Windows

Don't let envelopes with half-blind windows spoil the impression you make on your customers. Remember, every letter you mail... every statement you render should build prestige for your business.

Just ask for the clear window... acetate windows in your next order of envelopes... the additional cost is negligible. Specify acetate through your stationery supplier. Celanese Corporation of America, Plastic Division, Dept. 143, 290 Ferry Street, Newark 5, N. J.

Celanese®

Celanese TRANSPARENT FILMS

IF YOU OWN OR MANAGE
A COMMERCIAL OR INDUSTRIAL
BUILDING...



Save up to 50% on Roof Repair! with Tropical Cold-Process Roofkoter

- ✓ You get a first-class job using unskilled labor!
- ✓ Roofkoter applies cold—no fire hazard!
- ✓ 90% of leaky roofs can be given added years of weather-tight life!



Thousands of users, from great automobile plants to small store buildings, have proved you can make big savings in roof repair using Tropical Cold-Process Roofkoter. Your own unskilled labor, following simple step-by-step directions, does a first-class job of reconditioning the roof for years to come—quickly, easily and at big savings!

Tropical Cold-Process Roofkoter stays "live" and flexible, expands and contracts with changing temperature, without cracking, blistering, powdering or drying out—that means extra life!

FREE! Your business letterhead request brings a free copy of "Saving Old Roofs"—see how you get a better roof and save money. Write today!

Tropical Paint Company

1134-1276 W. 70th St., Cleveland 2, Ohio

Tropical *Cold-Process* **Roofkoter**
NEW • SAFE LOW COST • LONG LIVED

PRODUCTIVITY

continued

right on the average, but agriculture showed less than one per cent a year, while transportation and public utilities were well above average.

Within the manufacturing group, long-term gains of four to five per cent a year, on the average, were found in production of petroleum products, transportation equipment, rubber and tobacco.

Production of lumber, furniture and leather showed average gains of only one per cent a year.

These variations between industries and individual businesses are caused by a number of factors. Secretary of Labor James P. Mitchell told Congress they include:

- ▶ The rate of application of new technology.
- ▶ Improvements in plant layout, work methods, work flow, materials-handling procedures and other applications of management techniques.
- ▶ Changes in volume of production.
- ▶ Introduction of new products or materials.
- ▶ Skill, effort and incentive of the work force.

S. E. Skinner, vice president of the General Motors Corporation, stresses the urgency of increasing productivity in criticizing those who fear it as a threat to future job security.

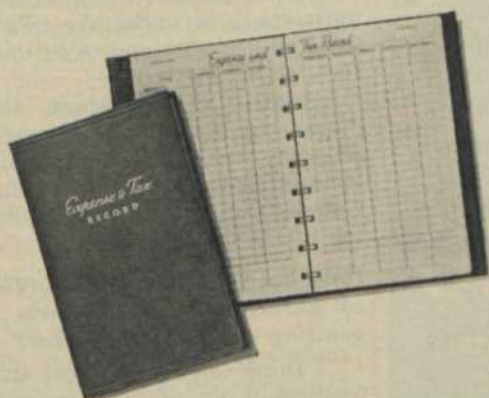
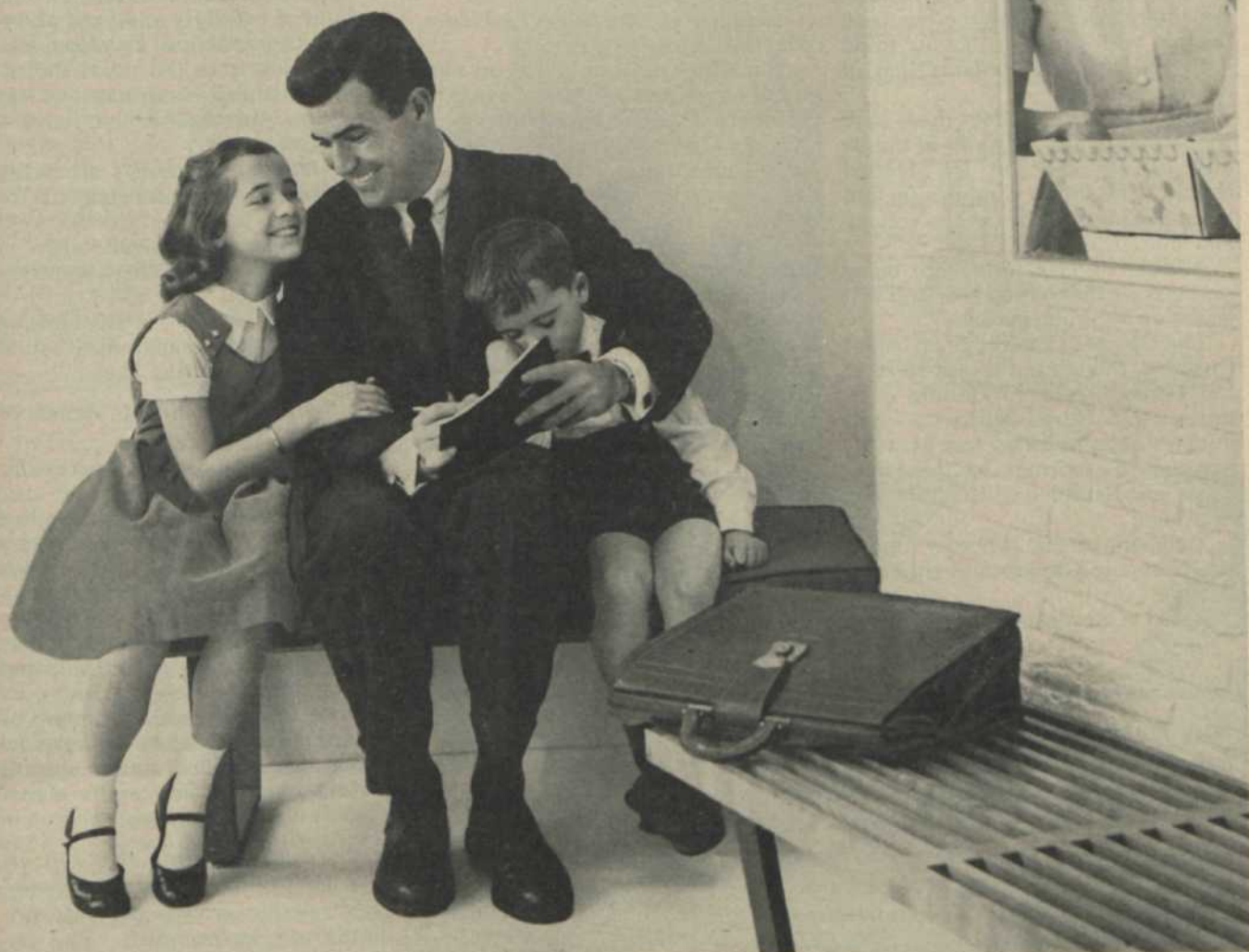
On the basis of present population and productivity trends, he says, the country will face a labor shortage "beginning sometime in the mid-sixties" unless we improve our productive efficiency.

"Even now," Mr. Skinner says, "every five working Americans must provide for the needs of eight others, in addition to themselves. This ratio will increase, as the population segments at the upper and lower ends of the age scale expand. So our worry should perhaps be, can we improve our productive efficiency fast enough?"

The country's security in international relations may also be affected by the rate of productivity. Although our productive efficiency, measured in output per man-hours, is three or four times the Russian level, a five-year Columbia University study by Dr. Seymour Melman, associate professor of industrial management and engineering, indicates that the efficiency of Soviet industry is rising twice as fast as ours and two or three times as fast as that of Western Europe.

END

A New Addition, Another Deduction!



Why tax yourself needlessly in recalling all the year's expenditures and allowances! As they occur, note them in Nascon's Expense and Tax Record Book. Have all the needed facts and figures right at hand for instant use! Nascon keeps an itemized account of travel expenses, cash records, tax deductions, etc. for a whole year. Simulated leather. In pocket and vest-pocket sizes. At your stationer's.

EATON'S
NASCON AT-A-GLANCE PRODUCTS

PROSPERITY

continued from page 39

Securities and Exchange Commission, Federal Trade Commission, and others.

With the systematic precision of scientists at work, the Council drives to the heart of economic problems by the task force method.

In the past year, for example, the Council has had a group working on various aspects of the problems of small business. Another group has been working in the field of debt, another on problems in agriculture. An interagency task force has been dealing with problems having to do with the economic organization of western Europe.

The task force on debt deals with the structure and behavior of public and private debt in the United States. The group compiles factual materials, such things as the volume and burden of debt.

Additional task forces are being planned for the coming year and will be set up as problems arise.

The Cabinet Committee on Small Business, though not a task force of the Council, is a continuing committee. Dr. Burns, when the committee was established last May 31, was named chairman by the President. Dr. Saulnier will continue as chairman.

Members of the Advisory Board on Economic Growth and Stability include:

Board of Governors of the Federal

Reserve System, ABBOT L. MILLS, member of the Board.

Department of Agriculture, TRUE D. MORSE, Under Secretary.

Department of the Treasury, W. RANDOLPH BURGESS, Under Secretary for Monetary Affairs.

Department of Commerce, WALTER WILLIAMS, Under Secretary.

Department of Health, Education, and Welfare, MARION B. FOLSOM, Secretary.

Bureau of the Budget, PERCIVAL F. BRUNDAGE, director.

The White House Office, GABRIEL HAUGE, Administrative Assistant to the President.

Council of Economic Advisers, DR. SAULNIER, chairman.

Replacements will be named soon to fill places on the board vacated by Herbert V. Prochnow, formerly Deputy Under Secretary of State for Economic Affairs, and Arthur Larson, formerly Under Secretary of Labor.

Through ABEGS these representatives exchange views on current economic problems and issues. Through it, the various agencies can become acquainted with each others' problems and express views on proposed policies. Although no public policies emerge formally from the board, its discussions frequently result in expediting, postponing, or perhaps modifying proposed programs with an economic aspect.

While ABEGS advises the Council, the Council's chief job is to advise the President. It does this through its chairman.

Usually he meets with the President once a week to report on the Council's appraisal of the current economic situation, the trend of economic developments, to comment on policy, and to suggest policies and programs that will promote economic growth and stability.

How does the Council keep track of economic developments?

"Every staff member of the Council is responsible for following developments in a particular area and for reporting his findings to the Council," Dr. Saulnier explains.

"This sifts into the Council a vast amount of carefully analyzed observation of economic developments. Quite apart from the usual indicators of business conditions, we try to follow any figures that have a predictive quality.

"A number of surveys are taken of the plans of business concerns for investment programs in the year ahead. Also, surveys are taken of the attitudes and buying intentions of consumers.

"We have surveys in the housing field that give some indication of trends in the months ahead."

Are there any particular signals to look for?

The answer is no—no particular signals.

"Industrious and imaginative people have been searching for years for such signals. They will always search—so long as we have an economy organized as ours is—for some measure or index of things to come. But it hasn't been found yet, and almost certainly doesn't exist."

Economic forecasting cannot be reduced to a clerk's job—a clerk who checks off specified statistics until certain numbers pop up to signal what is about to happen.

Is there any formula that can assure continued economic growth?

"Economic growth depends primarily on environment. The environment of the economy must be such as to provide the incentives to individuals to undertake new ventures and to plan and to carry them through."

Incentive is significant, he explains. In a fluid and competitive economy there must be a minimum of restraints on new businesses. Competition is the life of trade and the life of our economy.

Does Dr. Saulnier see the influence of government on business as a growing or declining factor?

"I think one of the most striking features of our recent economic history has been the growth of confidence in the enterprise system and in

Dr. Raymond J. Saulnier was born in 1908 at Hamilton, Mass., near Boston. His father, a skilled factory mechanic, had come from Nova Scotia, where he was born and grew up in a section settled by French.

As a boy, Dr. Saulnier's chores included milking the family's two cows. During high school days he worked in a lunchroom and was telephone operator in the local office one night a week. He also operated the community house motion picture equipment and wrote the handbills that advertised the movie.

He managed largely to support himself in college (worked one summer as a railroad section hand), graduated from Middlebury College in 1929, got his MA degree from Tufts College in 1931, and went to Columbia University where he got his Ph.D. in 1938.

The Saulniers have two children. Mark graduated from Williams College last June and is employed by the Bank of New York, oldest private bank in New York City. Alice is a freshman at Vassar.

For recreation, Dr. Saulnier reads American history. He has played golf in the low 80's, but doesn't get much time for it these days. Like every golfer, he has hopes for better days. Unlike most golfers, he has studied the theory of golf.

Another hobby is cooking. He likes to "cook on the fancy side," primarily meat and fish in the French and Italian style.

Summer vacations are often spent in Nova Scotia.

the capacity of people to create jobs for themselves.

"This outlook is very different from that, say, of 25 years ago. There was a tendency then for people to look more and more to government to supply them with jobs and security.

"Now we have demonstrated that, if government will provide a proper environment, people can make jobs for themselves and can make really remarkable progress in providing their own security."

Evidence is everywhere in the increase in savings, increasing ownership of business, ownership of corporate stocks.

"I wouldn't say that people are nowadays looking more and more to government to guide, to direct economic life, and to provide security. People now have a keener appreciation of the ability of individuals in a free economy to do these things for themselves.

"The proper role of government is to help create an environment in which private effort is encouraged and facilitated. Government should avoid direct intervention."

How does the chairman feel about the inevitability of inflation?

Inflation isn't at all inevitable.

"We have shown in the past four years that our economy can operate at a high level of production—close to what might be called full utilization of economic resources—with little increase in prices."

Over the years ahead "there is going to be enormous demand for investment funds to finance private and public projects.

"This may mean a more or less continuous pressure on the supply of savings. Under such circumstances there is a temptation to try to solve the problem by expanding the money supply more rapidly than is required by actual growth. This would be an inflationary policy.

"Over the longer future, we will—so long as we are successful in preserving full employment—more or less continuously face the danger of inflationary price increases. But I should like to emphasize that I don't mean inflationary price increases of the bursting, surging type that have characterized the world during periods of war."

Dr. Saulnier deplors the news stories which announce that the consumer price index has "soared .3 per cent in a month." That, he concludes, "is a somewhat extravagant use of the language."

As the consumer price index edges up by less than one per cent in a month or two or three, that can hardly be called a monetary infla-

Alfred Hitchcock knows how to handle noise



See Alfred Hitchcock's
"THE WRONG MAN"
directed by Alfred Hitchcock
A Warner Bros. Production

Watch an Alfred Hitchcock movie or TV show — note how this master of suspense uses a sudden crash or shriek to jolt his audience out of their seats. On the screen, noise can mean entertainment, but in your *office*, it causes trouble. Noise makes concentration difficult...increases errors, costs money.

A Gold Bond Acoustifibre Ceiling soaks up distracting noise from chattering typewriters, jangling phones. It restores quiet, helps increase efficiency. Acoustifibre® is easily installed over your present ceiling, adds a smart, professional appearance. Can be vacuum-cleaned, or repainted time and again without diminishing its sound absorbency. Call your Gold Bond® Acoustical Contractor for free estimate. He's listed in the Yellow Pages.

FREE — Noise Reduction Kit — It's packed with practical suggestions on how to reduce distracting noise in offices, stores, factories, homes. Contains many photos and case histories of how stubborn noise problems were solved. Mail coupon now for free kit. No obligation.



Gold Bond
BUILDING PRODUCTS

NATIONAL GYPSUM COMPANY

SEND FOR FREE KIT

National Gypsum Company
Dept. NB 37, Buffalo 2, N. Y.

Please send me the free Noise Reduction Kit that contains acoustical case histories, tells how I can reduce errors and increase efficiency through sound conditioning.



Name _____
Company _____
Street _____
City _____
Zone _____ State _____

**neenah reports a
scientific fact:**
you can "just tell"
which are the
important letters
in your
mail



the appeal
of quality is
always subtle

A quietly important reason for using
a fine cotton fiber bond by Neenah
for your business letterheads.



You can help create a
letterhead that helps your
company succeed. The
first step is to ask your
printer for a free copy of
the second series of "The
Right Letterhead for You."



neenah paper company

A DIVISION OF KIMBERLY-CLARK CORPORATION

neenah, wisconsin

PROSPERITY

continued

tion. It may be due to a recovery of agricultural prices.

Similarly, he points out, a price increase that registers the fact that automatic transmissions have become standard equipment in an automobile is hardly a sign of inflation. Part of our price increases represents only the fact that goods coming onto the market are of higher quality.

What is the future of business cycles?

Dr. Saulnier would not want to say with absolute certainty that a deep depression such as the 1930's could not occur.

"I can say this: We have it in our power as citizens to prevent this. I am confident that the American people, through their government, can prevent economic depressions of that magnitude."

What can business do to help avoid such deep cycles?

"Our economic cycles in the past have sometimes been due to speculative inventory building, or businesses have rushed ahead with plans for expansion based on inadequate knowledge of markets.

"Better planning by business management and a more active sense of responsibility for helping maintain stable growth can avoid speculative excesses of this type."

In recent years, Dr. Saulnier says, the economy has gone through so-called rolling readjustments.

"I don't think you should describe this as a new kind of business cycle. It is really a type of economic development in which one sector of the economy has, in a sense, spelled off another.

"When one sector is expanding, others are pausing in their growth, or may actually be declining.

"It is perfectly possible for this sort of thing to continue," he explains. "But we might conceivably move into a world in which all sectors of the economy go forward at about the same rate, although that contemplates a degree of economic harmony that seems unlikely in a world subject to such powerfully dynamic forces as ours."

As examples of rolling readjustment, Dr. Saulnier points out that home construction is down, industrial construction is up. Automobile production is down while production of transportation equipment for industrial and business purposes is up.

In a year or two we might find that some of the consumer durable goods and housing industries will be operating at a higher level while



DIAL "SPRINGTIME"
ANY TIME *With Chrysler's*
AIRTEMP!



**Bring Springtime to your Business
and watch the profits grow**

Airtemp offers your business *the* air conditioning system that is *most economically sound* for your needs. You are assured of this by 286 Airtemp models—the world's largest selection!

Whatever you need—from a $\frac{1}{2}$ h.p. window air conditioner to air conditioning for a skyscraper—Airtemp has the answer. Also, the answer to high employee effi-

ciency and morale, low absenteeism and turnover, and increased traffic. These add up to more net profit!

Cost? No more than the others—and less to maintain and operate, thanks to ingenious Chrysler engineering.

Learn *which* of the 286 Airtemp models is best for *you*. Write or call today.

AIR CONDITIONING FOR EVERY BUILDING...
EVERY NEED



WORLD'S LARGEST
SELECTION OF
AIR CONDITIONERS
286 MODELS

*"For our employees in 6 states, **BLUE CROSS** means realistic, basic protection against hospital bills."*

Says **DONALD A. HARPER**, Vice President
Tung-Sol Electric, Inc.
(Headquarters in New Jersey)



"For fourteen years, we've found that Blue Cross gives the kind of help the majority of our employees and their dependents are most apt to need and use. The Blue Cross objective of helping in terms of hospital care assures practical security everyone should have. Of course, for a company like ours, with eight plants and offices, Blue Cross flexibility and the saving on paper work are real advantages."

Blue Cross Plans, serving locally coast to coast, bring Americans this famed program for prepayment of hospital care... the only one officially approved by the American Hospital Association.

Today, 52 million people have Blue Cross protection—made available in most cases by their employers through company groups. Blue Cross now is the choice of more than 300,000 business firms of all types and sizes.

Assures basic security. Blue Cross provides a sound base for any family's protection program... the kind of safeguard most families use most often.

Benefits based on needs. Local Blue Cross Plans all have the same unique objective: to provide for hospital care, rather than dollar allowances.

Works directly with hospitals. Special arrangements with local hospitals—like a partnership—enable Blue Cross Plans to provide this practical protection. To get care, the member just pre-

sents his Blue Cross card at any participating hospital. The local Plan pays the hospital directly. No claims to file.

Saves management time. Details of the employee's care and his bills are handled directly with the hospital by Blue Cross. Employers are spared the added expense of claims-filing, investigations and follow-ups. Employees enjoy wanted privacy.

Count on low cost. Every cent taken in, except for low administrative expenses, goes toward paying hospital bills. Blue Cross Plans take no profit. And another assurance of fullest value—benefits are set locally to meet local needs and conditions.

Easily fitted into your program. Large company or small, Blue Cross is the perfect foundation for any employee welfare program... easily integrated into "package" arrangements. It may also be turned into a retirement benefit.

Get facts and figures on how Blue Cross can serve your company. Contact your local Blue Cross Plan. Or write Blue Cross Commission, Dept 712, 425 North Michigan, Chicago 11, Illinois.

These are a few of the important companies that have Blue Cross

BENDIX AVIATION CORP.
FOOD FAIR STORES, INC.
CRUCIBLE STEEL CO. OF AMERICA
MILES LABORATORIES, INC.
PROTO TOOLS
SIMONDS SAW & STEEL CO.
UNITED SHOE MACHINERY CORP.



BLUE CROSS

*Blue Cross and symbol registered by the American Hospital Association

PROSPERITY

continued

plant and equipment expansion will be at a little lower level, relatively speaking.

"This means that we must have an economy that is sufficiently fluid and resilient to make it possible to complete these adjustments without appreciable disturbance.

"One of the objectives of government policy is to try to remove obstacles to the free flow of resources where it is within the power of government to remove them."

How does Dr. Saulnier feel about monetary controls?

"We place great reliance on monetary controls to help stabilize our economy. Monetary controls have the enormous advantage of working indirectly. They are broad and persuasive. They minimize the direct interference of government.

"In recent years we have found that these have been effective both in facilitating the expansion of the private economy and in restraining tendencies toward a rate of economic expansion that might carry us into the inflationary zone."

The danger of expansion that is too rapid, he believes, is inflation and subsequent contraction.

As to real estate credit controls, the federal government has an opportunity to exert both some stimulative effect and some restrictive effect on the construction industry through its administration of the programs of loan insurance and guarantees.

"We have tried to administer those programs in the past four years so as to contribute to economic stability. The government can do little—and that only indirectly—to influence the so-called conventional mortgage market."

The old Regulation X, that is direct controls over mortgage credit, made it possible to exercise some controls over the conventional mortgage market. If there were a Regulation X on the books now, he doubts that it would be of any use "at this moment."

What about stand-by credit controls?

"If we had had a stand-by consumer credit control law in the summer of 1955—when consumer credit was increasing at more than \$500 million a month, and when the terms on which installment contracts were being written were becoming more liberal daily—I think the manufacturers and lenders would have been restrained."

It would have had a restraining power by its existence alone, without actually having been used. If we had ever intended using stand-by controls, that, he believes, would have been a time to use them.

Actually, Dr. Saulnier has an open mind about selective credit controls. The Federal Reserve is just completing its massive investigation of credit, due to be published (probably in six volumes) soon. Started last year at the request of the President, it's meant to be the most comprehensive analysis of personal credit ever undertaken. Dr. Saulnier wishes to analyze the Reserve Board's findings before forming final judgment of the value of stand-by consumer credit controls in today's market situation.

Is mortgage debt sound?

The payment record on mortgages is excellent. Delinquencies on mortgage contracts are low. Mortgages are being paid down, by and large, faster than the contractual arrangements require. Foreclosures are low.

"The mortgage debt in aggregate volume is higher, that is true, but the proportion of homes mortgaged is not substantially higher, although home ownership has increased substantially. This, in my judgment, is one of the great social revolutions of our time."

This tendency makes for conservatism in political and economic thinking. It has "a good influence on American thought and opinion."

Are wages moving faster than productivity?

"This is an important economic problem. When money wages in any industry or in industry generally go forward faster than the productivity of labor, this implies a tendency for prices to rise."

This is the so-called cost-price inflationary spiral.

"Price increases can be sustained, however, only if money supply is used more actively or if the monetary authorities pump enough additional money into the system.

"On the other hand, if monetary expansion does not go ahead at that rate, business concerns may be unable to pass these higher costs on in terms of higher prices.

"The effect is to shrink the profit margins of business. And shrinking profit margins could remove the incentives for expansion which are essential for continued economic growth."

How does he feel about federal aid to economically depressed areas?

Dr. Saulnier has participated actively in drawing up plans of the



DONALD A. HARPER, Vice President
Tung-Sol Electric, Inc., also says

"For doctor expenses,

BLUE SHIELD

gives what we want

—broad benefits

and low cost!"

"The value of Blue Shield has proved itself throughout our organization. Benefits employees have received for surgical expenses in particular have helped them avoid many financial worries. Yet we feel that the cost of this vital addition to well-rounded health-care here has been very reasonable."

Sponsored by doctors in their own local areas, Blue Shield Plans help people meet surgical-medical expense. **Provides benefits** for hundreds of different operations . . . helps with many nonsurgical services.

Cost is low. Every cent paid in—except for necessary expenses—is used for members' benefits.

Easy to adapt to the welfare program of any size company.

Get the full facts. Contact your local Blue Shield Plan, or write **Blue Shield Commission**, Dept. 712, 425 North Michigan, Chicago 11, Ill.



**BLUE
SHIELD**

®Service marks reg. by Blue Shield Medical Care Plans



WIDER DECK: BIGGER PAYLOAD WITH STUDEBAKER TRANSTARS!

6 WAYS BETTER THAN THE NEXT BEST TRUCK!

- 1 **Better economy**—long life, low operating costs, more profit per mile.
- 2 **Better payloads**—trucking's biggest cargo areas . . . high payload-to-weight design.
- 3 **Thrifter power**—proved V8's and Sixes by America's top Economy Run winners!
- 4 **Easier control**—cross-link variable ratio steering, better braking.
- 5 **Smoother ride**—two-stage springs, hydraulic shock absorbers, standard on light-duty models.
- 6 **Better deal**—from break-in to trade-in.

Whether you choose a stake truck or a pickup, you're sure of bigger payloads and faster, easier loading with a new Studebaker '57 Transtar. Just look at the proof:

Transtar stakes, 1-ton and up, have cargo decks 7½ feet wide—they are 5 bushel baskets wide—the widest of any truck in the business.

Transtar pickups give you 51½" of clear floor space for loading. No wheel wells in the way.

What a saving these advantages mean in trips and loading time! No wonder Studebaker owners make more profit per mile. So could you!

'57 TRANSTAR 1½-TON TRUCK

Here's a heavy-duty truck with a light-duty price tag. Available with 9-ft. or 12-ft. platforms. Wide choice of power, tailored to fit your job. Extra-heavy front axle, auxiliary rear springs and 4-speed Transmission standard. Five-speed direct and overdrive Transmissions at slight extra cost.



Studebaker-Packard

CORPORATION

Where pride of Workmanship comes first!

PROSPERITY

continued

Administration for the area assistance bill that was introduced in Congress. He would like to see the federal government extend constructive help to these areas.

"I would like to see it done in a way that would make a maximum use of local citizen groups and of local government. It seems to me that the federal government can work best by promoting and encouraging the efforts of local groups, rather than by taking the job over itself."

He adds that many communities can solve their problems if a high level of prosperity is maintained for the economy as a whole.

"One of the greatest contributions that the federal government can make to the problem of the so-called distressed area is to strive for a high rate of over-all prosperity."

This creates an environment in which it is easier for the locality to solve its problems.

As for public works programs, the chairman would prefer to live in a world in which public assets are built at a stable rate. We should build a new post office, for example, because we need the post office, not because we suddenly find that people are unemployed and seek hurriedly to find work for them to do.

"We need certain types of public assets just as we need certain private consumer goods. We need roads, for example, and I would prefer that we build them on a stable basis, not on a countercyclical schedule."

Tax reduction for consumers or business?

That would depend upon the type of economic contraction.

"If you had a situation in which consumer expenditures were going ahead at a fairly stable rate, in which there had been, let us say, a marked decline in investment expenditures, you might find that a tax cut which would stimulate business investment would be a better way to stimulate the economy."

However, the situation might necessitate a stimulative effect through larger personal incomes. The important thing is that government should work out a strategy and tactics for combating contraction in the light of the particular economic situation that is faced at the time in order to obtain the desired economic stimulation.

This is an absolute essential because no two situations are alike. No one can afford to be theoretical or doctrinaire in these matters. **END**

Short cuts with Recordak Microfilming

Latest reports on how this low-cost photographic process is simplifying routines for more than 100 different types of business . . . thousands of concerns



KEEPS TRACK OF MILLIONS DAILY

NEW YORK, N. Y.

The operations of hundreds of clerks in Merrill Lynch, Pierce, Fenner and Beane's 116 offices are backed up by Recordak Microfilming in the Home Office cashier's department.

Outgoing stock and bond certificates worth millions—along with the related charge-out orders—are whisked through a Recordak Microfilmer before being forwarded to customers and other brokers. (Hundreds of front-and-back pictures are made in a minute. Films are developed by local Recordak Processing Station . . . are ready for use the next morning.)

Thus, should a "common" stock certificate ever be charged out as "preferred," the error can be spotted in a Recordak Film Reader in minutes—saving days or weeks of tracing, and sparing customers considerable inconvenience.



TAKES THE PRESS OUT OF PAPERWORK

ROCHESTER, N. Y.

Lilac Laundry and Dry Cleaning saves more than \$5,000 per year by microfilming the tickets made out each day by its 16 drivers and clerks in 5 stores.

These pictures replace a ledger record—with a 5-part written description of each ticket—that took all day to compile. Takes about 15 minutes now to make a photographically accurate record of all tickets in route and store sequence.

Lilac also did away with carbon copies by microfilming its charge account statements. Saves on accounts receivable insurance, too.



URNS MILKMAN'S RECORDS INTO BILLS

McKEESPORT, PA.

The Menzie Dairy cuts billing costs in half by microfilming its drivers' route sheets and sending them out to customers as their monthly bills.

This eliminates days of tedious billing and the need for costly posting machines and files. And it gives the customer the actual record which the milkman compiled from day to day, all but ending questions about charges.

The Menzie Dairy uses a Recordak Reliant Microfilmer (illustrated below) which takes pictures of 40 route sheets for one cent . . . and has a unique high-speed automatic feeder that prevents "double feeding."

Note: Recordak has a complete line of microfilmers to match all needs—priced as low as \$550. Low rental plan, too.

VALUABLE FREE BOOKLET

It'll pay you to read "Short Cuts that Save Millions." Chances are Recordak Microfilming is now simplifying routines just like yours! Inquiries are invited—no obligation whatsoever!

Price quoted subject to change without notice



"Recordak" is a trademark

RECORDAK

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—
and its application to business

..... MAIL COUPON TODAY

RECORDAK CORPORATION

415 Madison Avenue, New York 17, N. Y.

D-3

Please send free copy of "Short Cuts that Save Millions."

Name _____ Position _____

Company _____

Street _____

City _____ State _____

WHERE POPULATION GROWTH HITS YOU

Increase will spur business—but may bring big national problems in years ahead. Here's what to look for



Robert C. Cook, an expert on population, explores in this interview the implications of rapid population growth with particular emphasis on the economic challenges raised. A geneticist by background, Mr. Cook has been director of the non-profit, privately supported Population Reference Bureau since 1951. He also is editor of the Bureau's Population Bulletin. For 30 years—1922 to 1952—he was editor of The Journal of Heredity.

A sturdy individualist, he once fought a running verbal duel with Pravda and other Russian periodicals as a result of his stinging criticism of the theories of Soviet geneticist Trofim Lysenko

LEE SALSBERY

Shock waves of rising population mean . . .

Rising markets as youngsters from booming baby crops grow up to become consumers



Doubled college population by 1965 or 1970 adding to shortage of workers



What is the population outlook for the country for the next 10 years?

A rapid increase. To predict the total population is hazardous because we don't know what the birth rate is going to do. We can forecast how many people ten years old there will be because those people are already born. Barring catastrophe, we can predict quite exactly how many of the 4.2 million babies born in 1956 will die before they reach their tenth birthday and how many 50-year-olds will survive to their sixtieth birthday.

In its latest series of 1965 and 1975 projections, the Census Bureau guessed we will have between 185 and 193 million people by 1965. We have 170 million now. The weight of opinion, I believe, is that it is going to be nearer 193 million than 185. But, remember, this is not inevitable.

What could change it?

A change in economic conditions. Any sharp reduction in the average income will result in a sharp drop in births. There is a record of that. The U.S. birth rate reached an all-time low during the depression years. More recently, in 1949 and 1950, just before the Korean War, there was an economic recession. It was alarming although it didn't last long. The Korean War came on and the economic curve went up again, but this brief break in the prosperity curve definitely affected the birth

rate. Some 3,649,000 children were born in the United States in 1949. In 1950, the total dropped to 3,632,000. In 1951 births climbed to 3,823,000.

That 1949-1950 slump cut the number born by 17,000. The next year, the increase was more than 100,000. I think that is evidence that the birth rate is tied to economic conditions. Unless economic growth keeps up with the rapid population increase it is likely that the population of the United States will not be as large in 1975 as now seems likely.

Do you anticipate such an economic crisis?

I am essentially an optimist. I have confidence in the dynamics of the free enterprise system.

I do think, however, that every American—businessmen especially—should be more realistically aware of just what rapid changes in population mean. Many countries are discovering today that there is no easy or quick solution to a population problem once you are in the middle of it.

What do you mean by that?

Italy might be taken as an example. Since 1920, Italy's birth rate has been going down and today it is among the lowest in Europe. But the Italians still have a problem of providing for more people than their economy can absorb.

Is business showing an increasing interest in population trends?

Definitely. Industries and executives of individual companies are finding population information useful in planning sales campaigns, plant expansion, and so on. The appraisal of these trends over a considerable time is sometimes not as simple as it seems.

It is curious that, with all of this interest in population statistics in the business world, many business people do not know what a demographer (population expert) is! Yet these same people go to a doctor when they are sick and to a garage when their car is out of whack to get expert assistance.

Some companies have added demographers to their planning staffs.

Do we have a population problem now?

That is difficult to answer because the answer depends on what you mean.

Every country has, in one way or another, a population problem. In the United States we face an enormous problem in terms of educating the more than 4 million children born last year, and the more than 4 million almost certain to be born this year.

The people who are looking ahead to education 10 or 15 years from now are pretty much appalled. The capitalization of a seat in a school is around \$30,000, so that an in-

Declining number of workers
20 to 65 focusing need for
increased productivity



More oldsters beyond 60
placing emphasis on pension
and other plans



OOH!



Only \$195

an all-automatic photocopier ... the new DRI-STAT '200'

You'll "OOH" when you see what the DRI-STAT '200' offers you:

- 1 Makes sharp, black-and-white copies of anything written, printed or drawn.
- 2 Takes less space than a typewriter.
- 3 Anyone can run it.
- 4 Works in normal office light.
- 5 First truly automatic photocopier priced under \$350.

The DRI-STAT '200' copies any papers

up to 9 inches wide, in any length. It pays for itself in the time it saves. It copies the original and eliminates proofreading. Ask us to demonstrate it before you accept any substitute system.

Also available: a larger Dri-Stat photocopier, taking material up to 14 inches wide; and Auto-Feed, an exclusive, automatic paper feed, available as optional equipment on both machines.

DRI
STAT

DRI-STAT Division
Peerless Photo Products, Inc.
Shoreham, N. Y.

- ☐ I'd like to see the Dri-Stat '200' at work in my office.
- ☐ Send me more information on the low-cost Dri-Stat '200'.

Name..... Title.....

Company.....

Street.....

City..... Zone..... State..... NB-3

POPULATION

continued

crease of a million pupils runs into a huge figure.

I think we have a population problem in all our cities at five o'clock each evening. You just can't get anywhere.

The planning commissions dealing with these metropolitan areas are trying to keep ahead of really explosive growth. For instance, in Washington they are talking about 4 million people by 1980.

That is going to create severe population problems: how to house these people, how they are to move around. We are heading into more of that kind of population problem in the United States.

How about other cities?

The outlook for other major U. S. cities is the same. In recent decades, the steady increase in population has taken place mainly in the cities. Between 1940 and 1950, while the total population was rising by 19.6 million, the rural population declined by 3 million. Of those 19 millions, more than 15 million lived in or on the fringes of the cities of 50,000 or more. The problems generated by more people are mainly urban problems.

Is it different in other countries?

Yes, other countries have different kinds of population problems. The underdeveloped countries have large numbers of people living on the land, and at low levels of living. To achieve an economic breakthrough to a better level of living is an enormous undertaking, in view of their large populations. They have problems of capital formation. In contrast, Britain and some Scandinavian countries are facing the prospect of a declining population.

What is the main problem facing the United States?

In the United States we ought to think a lot more about where this increase is heading: not just in terms of tomorrow or next year, but for at least the next two generations.

The prospect offers both opportunities and headaches. We are unique in that we have the world's highest standard of living and also one of the larger national populations, ranking next to Russia.

Most countries with large populations do not have anything like our standard of living, nor do they command the resources at our disposal. The good fortune or bad fortune in continued rapid population growth in America turns on two critical

PEERLESS

points. If we can sustain healthy economic development, the rapid increase in our numbers can be an asset, at least in the short term. More people mean more markets for business, growing demand for more jobs, more goods—all the things that help make an economy function smoothly.

On the other hand, if our economy slumped we would still have to clothe, feed and educate many millions of youngsters just starting out in life.

In a serious depression this could become a grievous burden. I might add, it would be one that would probably step up, rather than diminish, the role which the federal government plays in our daily lives.

You mean that government would have to support our population?

The job would have to be done somehow. There might be pressure for a super federal agency to control our population growth, although there is evidence in our past which indicates that the control, at least of births after the second or third child, would be applied spontaneously by married couples themselves. That wouldn't solve the problem of what to do with people already living.

You would find government taking a much more aggressive role in caring for these people. The welfare rolls probably would reach unprecedented size—and when that happened the welfare state would be upon us.

Another important thing is that these factors—population growth and markets on the one hand, and economic crisis on the other—are not unrelated.

Supplying a rapidly expanding market puts a heavy strain on resources. These strains can break the rising economic spiral. This leads up to the difficult question of the optimum rate of population growth, and of the optimum population for the nation.

You mean, we might have too many people?

Yes. There is certainly some point at which sheer numbers cease to be an advantage.

Assuming that we will have no economic recession—what then?

That question gets into an awful lot of economic thinking. One economist has observed that a rapidly expanding population can be a wonderful buffer against ill-advised over-expansion. A growing population will bail you out of bad decisions if you can stay with it long enough. As long as prosperity continues, you have large numbers of customers



Precious things deserve "Precious" care
ESPECIALLY WHEN YOU MOVE LONG-DISTANCE!

● *"It's a promise, son. Mayflower will look after your new plane!"*

Dad's promise is good as gold. In fact, he called Mayflower to assure a happy landing for *all* his household goods . . . ordinary items as well as the family's most treasured possessions.

When you move long-distance, follow dad's footsteps. Remember that we operate our own training school, complete with a furnished "laboratory" home, where our men learn modern Mayflower methods of protecting *all* your belongings, from model airplanes to glass desk tops. We designed our weatherproof vans without tailgates, to make sure everything rides safely locked inside. Even our pads are colored on one side, so the same clean surface always touches the furniture!

Call your Mayflower agent. He'll answer all questions, and leave a free "what to do" booklet, to help make your *next* move your *nicest*!

AERO MAYFLOWER TRANSIT COMPANY, INC. • INDIANAPOLIS



Mayflower service is available through selected warehouse agents throughout the United States and Canada. Your local Mayflower agent is listed under Moving in the classified section of your telephone directory.



AERO
Mayflower
NATION-WIDE
FURNITURE MOVERS

America's finest long-distance moving service



MISSOURI

offers you **FREE**

this Market Facts Book

"Available Industrial Tracts in Missouri" is the most complete digest of Missouri's "Tailor-Made" industrial opportunities ever offered. 170 pages . . . includes air photos of locations, with complete information on raw materials and markets of 36 progressive cities and towns.

While supply lasts, your copy will be sent free. And when you're ready to look, Missouri engineers will go with you on your own confidential exploration tour. For complete information, and your free copy of "Industrial Tracts" . . . write or

PHONE COLLECT

Jefferson City 6-7185, Richard Kinne,
Industrial Director
Missouri Division of Resources &
Development
Dept. C783, Jefferson City, Missouri

TURN-TOWLS are tough on towel waste!



IT WILL pay you to look at these facts — a manufacturer, with 1,200 employees, used a towel service which cost \$7.74 per 1,000 direct labor hours. Turn-Towls provided service for \$5.59 per 1,000 direct labor hours.

Result — cost reduction of 28%

Write for name of nearest distributor

BAY WEST PAPER CO.

1102 W. Mason St., Green Bay, Wis.
A Division of Mosinee Paper Mills

POPULATION

continued

coming along and expansion gets taken care of eventually.

But if we are going to grow at the present rate we are going to be pushing a billion in a century. That will mean tremendous need for raw materials, water and food, and energy. Then there is the question: "What is an optimum population?"

How do you answer that question?

There are various kinds of optimum population. You can have an economic optimum, which might be defined as the greatest per capita output per person. A military optimum is different and probably somewhat higher although nuclear warfare might change that. So is a sociological optimum where you have possibly more space to sit and nurse your soul on a mountain top. There is a real and serious question of just how much space is really required for a good living. It is worth remembering that there is little personal liberty, and little respect for the individual in any really overpopulated country.

There is, no doubt that in the United States, if we continue our present rate of growth, we are going to exceed any likely optimum.

Then we will begin to run into the kind of population pressure problems which affect countries like Japan and Italy.

When will we feel these pressure problems?

That again is hard to say. There is the question of raw materials. At present the population of the United States is about six per cent of the population of the world. The United States is absorbing half the world's raw materials. The rest of the world is trying to raise its level of living. As this effort succeeds, the demand for raw materials is going to rise. Some of these materials are going to run out and the demand for them is going to grow. How successful the technologists are going to be in producing substitutes is moot.

Do you see any hopeful signs?

Yes. We are beginning to realize that something has to be done. We have been able, by the use of science, increased production of agriculture, enormous advances in medicine and public health, to alter the dying-pattern of human beings. The span between birth and death has increased enormously. We cannot escape death but death has been postponed for hundreds of millions of people. The consequences of this change are great.

We are in a period of transition into a new kind of world where we are creating essentially new population problems.

The question of how many people can really occupy the world's 52 million square miles of land area is important. I think we are going to recognize the nature of this problem and are going to be able to do something about it in time.

What is the present death rate in the United States and what is the outlook for the death rate?

The present death rate is a little more than nine per 1,000 for the whole population.

For the young it is still lower: Out of 1,000 babies born, 950 will survive to voting age. The national death rate has gone down steadily from well over 20 per 1,000 a century ago, but we have no definitive statistics for that time.

In 1940, it was down to 10 and it has been under 10 ever since. What will happen to the death rate from now on depends again on a number of factors.

Our population is becoming older, on the average, and as increasing numbers drift into the ages of 50 and more the death rate will tend



Cushman 780 TRUCKSTER PACKED with ADDED POWER!

America's lowest cost vehicle for light hauling now offers a heavier, more powerful Cushman Husky engine for peak payload performance. Haul up to 500 pounds for just ¼ cent per mile total operating cost.

Fibre glass cab available for weather protection, also electric starter as optional equipment.

2 CUSHMAN ELECTRIC TRUCKSTERS

Up to quarter ton and two passenger capacity. Operate for pennies per day.

- Sold and serviced nationally; replacement parts available immediately
- Ask your Cushman dealer for FREE demonstration or write for illustrated booklet. Dealer inquiries invited.

Write for new **FREE** booklet today
CUSHMAN MOTOR WORKS, INC.
962 No. 21st, Lincoln, Nebraska

to rise. At present it is somewhere near the ultimate low for a population of our age distribution. If you have a young population, you can get a death rate down to six or seven, but not with as many oldsters as we have.

In the short term, the death rate could decline for a time.

The largest single cause of death in the United States now is heart disease.

If means can be found to prevent heart disease killing people in their 50's, they are going to live into their 60's and 70's and die of something else.

So, the attack on the diseases of middle age, which is becoming more intensive, may buy 10 or more years for a good many people.

That would drop the death rate temporarily.

How do you measure population growth?

Ignoring immigration, the growth of a population is measured by the difference between the birth rate and the death rate. If the death rate is 10 and the birth rate is 20, the annual rate of growth is 10 persons per 1,000 or one person per 100—that is, one per cent. Because over a span of years the age distribution of the population affects its reproductive potential, the experts use somewhat more elaborate indexes for their computations. But that need not concern us here.

Nor is it likely that immigration into the United States will increase to a point where it becomes a significant factor in future population growth.

This fact that the rate of growth is the difference between the number of births and the number of deaths confuses a great many people. In many parts of the world today, an acceleration in population growth is taking place.

Mainly this is due to declines in the death rate rather than to increases in the birth rate. Many people find this hard to understand. There is no such thing as "rocketing birth rates," which you see mentioned in the papers every now and then. Rocketing increases in population, yes. But not rocketing birth rates!

How important is immigration in our population growth?

As compared with 50 years ago, immigration is a trivial factor. The year 1906 was the biggest in United States immigration. Nearly 1.3 million people came to this shore, mainly from Europe. The annual net immigration today is only about 200,000. That a policy of wide-open



"YELLOW PAGES TRADE MARK SERVICE IS THE VITAL LINK THAT MAKES OUR NATIONAL ADS PAY OFF"

—says Keepsake ad manager

"The weakest link in the selling chain, and the place where most advertising dollars are wasted is the failure to put the consumer in direct touch with the retailer."

That's the common sense opinion of A. W. Doolittle, advertising manager of the A. H. Pond Company, Syracuse, N. Y., producers of Keepsake Diamond Rings.

"Our advertising can build the desire to buy, but then we must direct potential customers to the right store. That's why we identify Keepsake dealers through trade-mark headings and trade-name listings in the Yellow Pages of telephone directories. Most important, every Keepsake national ad carries the Yellow Pages emblem. So all readers need do is look in the Yellow Pages to locate their nearest Keepsake dealer."



OVER 1,900 Keepsake Diamond Ring dealers appear under the Keepsake listings in over 1500 markets.

TRADE MARK SERVICE helped put a treasured Keepsake engagement ring on this happy girl's finger.





**Put your sales story
in their fingertips
for keeps!**



Scripto

FINGERTIP • SELLING

PUT YOUR SALES STORY on genuine Scripto pens and mechanical pencils, the ones folks want the most! ADGIF offers you 40 fabulous models—ball pens with famed Rx* ink, pencils, sets—a complete line! Eleven sparkling barrel colors... two-tones... 9 contrasting sales message inks! Use as calling cards... door openers... in grand openings... at conventions... in sales campaigns... to win jobber salesman and retail clerk cooperation... as gifts to plant visitors. *Whether you can spend a few cents or a dollar or more per item, you can afford to use SCRIPTO.* Send coupon now—

CLIP COUPON
MAIL TODAY

ADGIF COMPANY A DIVISION OF SCRIPTO, INC.

Post Office Box 4847, Atlanta 2, Georgia

Rush Facts about using Scripto pens and pencils in my sales promotion activities. Please include prices. I understand there is no obligation. 57-12

NAME _____
TITLE _____
COMPANY NAME _____
COMPANY ADDRESS _____
CITY _____ STATE _____

Scripto

{ THE WORLD'S LARGEST SELLING LINE!
OVER 70 MILLION PENS, PENCILS SOLD IN 1956!

Advertising Specialty Salesmen! A few U.S. territories are still available. Direct sales only (no jobbing)... protected accounts... firm selling prices... 80% repeat business. Write in confidence to box number in coupon above.

POPULATION

continued

immigration would be again acceptable to the American people seems unlikely.

When will the shock waves of rising population hit?

The 3.5 million children born in 1945 and the 4.2 million children born in 1956 hit various parts of our economy at various times.

The wave is hitting the elementary schools and the kindergartens now. Between 1950 and 1955, enrollment in kindergartens in the United States increased 82 per cent. There are more than half as many children in kindergarten in the United States today as in the four-year high schools. That shock wave is going to push upward into the third and fourth grades and by 1960 will be swamping the high schools. It will be an increasing load for the next 20 years as the youngsters work through adolescence and then take their place in the productive age brackets.

Right now our productive ages from 20 to 65 are actually declining percentagewise and it will be a good many years before they begin to pick up.

This indicates a worker pinch?

Yes. It looks as though the workers in the United States are going to be busy providing for more youngsters and oldsters for some time.

How will these changes in age-distribution affect family formation?

That is a curious thing. Though our population will increase rapidly between now and 1965 and 1970, the new families setting up housekeeping will be relatively few. That is because the people now in the marrying age brackets were born in the 1930's, when the birth rate was at an all-time low.

After 1965 an increasing number of young people will be coming into the family forming age. One would expect a big demand for more housing about that time, and a much greater demand for all the things that go with housing—furniture, appliances, and so on.

When you get into the economics of it, the capital formation involved poses some serious problems.

When you consider that many industrial jobs are now capitalizing anywhere from \$20,000 to \$75,000 per job, you can see the huge demand for capital that this growing labor force is going to bring. Businessmen have a few years to get ready for it if they start working on it now. **END**



In on-the-spot comparison test at Borden's plant:

BORDEN FOOD PRODUCTS CO. HEAD PROVES NEW LILY CHINA-COTE CUP SAVES THE FLAVOR OF COFFEE SERVED IN YOUR PLANT!

Before the camera is Willis H. Gurley, President of Borden Food Products Co., photographed while sampling Borden's superb Instant Coffee as served in the Lily* China-Cote Cup.

Here's what this noted connoisseur says: "Coffee as it should be. A remarkable cup. No loss of flavor, taste or enjoyment. Retains the heat!" Conclusive proof that the Lily China-Cote Cup . . .

Saves the flavor! Resists penetration of coffee into the paper.

Saves the heat! Keeps hot liquids 10° hotter in a ten-minute period.

Saves the shape! Remains sturdy in the hand, even under rough and rugged use.

RIGHT FOR INDUSTRIAL
FEEDING AND
CARRY-OUT SERVICE
BELOW FOR AUTOMATIC
MACHINE VENDING



Specify Lily China-Cote, the cup that saves the flavor.

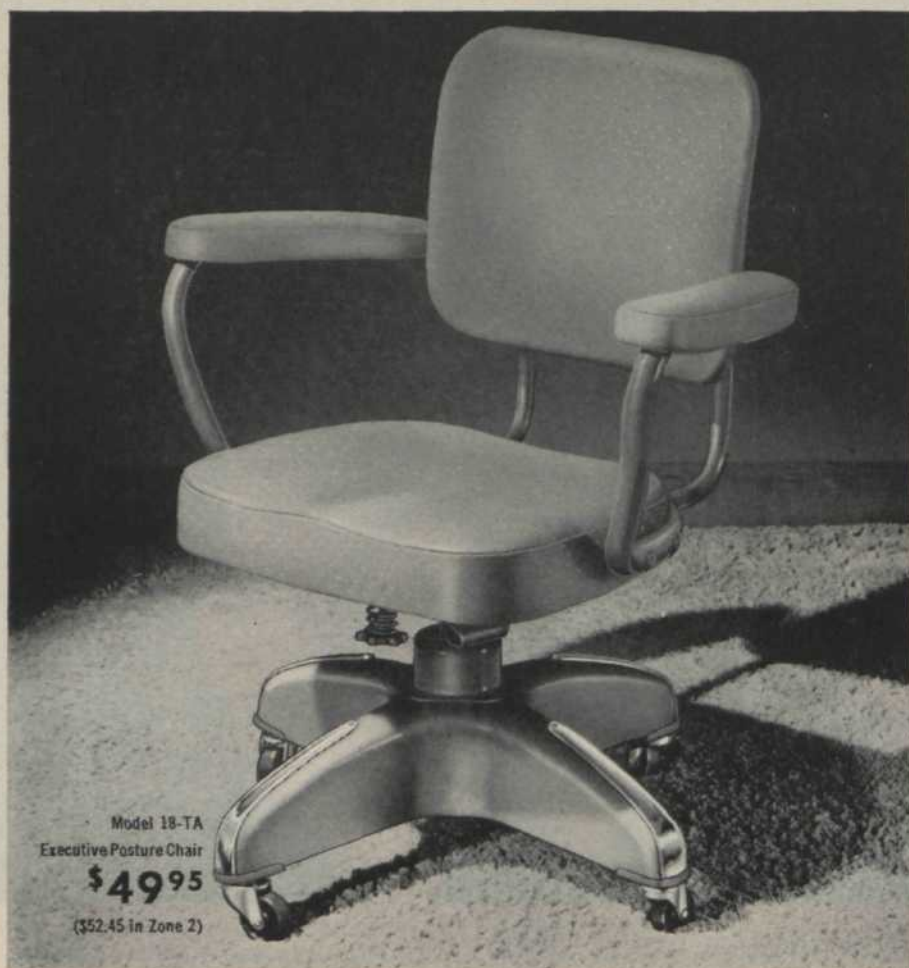
* U. S. M. REG. U. S. PAT. OFF.

A plastic inner coating, strikingly similar to real china (and ten years in the developing) is the secret of this first truly satisfactory cup for the serving of coffee, tea, soup and other hot liquids.

No wonder the Lily China-Cote Cup is the most wanted cup among progressive executives concerned with employee morale. No wonder a growing number are conferring with their in-plant feeders and vending operators or writing us direct for China-Cote details. Many are making a personal comparison test . . . without obligation. We'll send test samples if you'll send us a note. *Lily-Tulip Cup Corporation, 122 East 42nd St., New York 17, N.Y.*

"Office fashioned"

...TO HELP YOU EARN A COMFORTABLE LIVING!



Model 18-TA
Executive Posture Chair
\$49.95
(\$52.45 in Zone 2)

COSCO® Office Chairs

You'll do a better day's work, in greater comfort, on this handsome Cosco Chair! Designed by seating engineers and mass-produced by skilled craftsmen... to look better, feel better and last longer than other chairs costing twice as much. See for yourself. Give Cosco "Office fashioned" Seating a try without cost or obligation. Call your Cosco dealer now, or mail coupon below, for free 10-day trial.

Find your COSCO dealer in yellow pages of phone book or attach coupon to your letterhead

HAMILTON MANUFACTURING CORPORATION, Dept. NB-37, Columbus, Indiana

- ☐ Without obligation, I would like a COSCO Executive Chair on free 10-day trial.
☐ Also, free trial on Secretarial Chair ☐ Conference Chair
☐ 23-L General Chair ☐ Full information on COSCO Chairs
☐ COSCO Business Furniture

Firm.....

By.....

Address.....

Also available in Canada, Alaska and Hawaii through authorized COSCO dealers.

Model 15-F
Secretarial Chair
\$29.95
(\$31.95 in Zone 2)



Model 20-LA
Conference Chair
\$29.95
(\$31.95 in Zone 2)

Model 23-L
General Chair
\$15.95
(\$17.95 in Zone 2)



1 Zone 2—Texas and 11 Western States)

COPYRIGHT, 1957

SCHOOL NEEDS

continued from page 37

As for obsolescence, Roger Freeman, formerly director of research for the Education Committee of the U. S. Commission on Intergovernmental Relations, says:

"A review of the conflicting estimates leads to the conclusion that most of them are at best informed guesses and at worst daydreaming. It will be impossible to arrive at reliable totals until more definite standards of need and cost are established and applied. Also needed are criteria of inadequacy or obsolescence. At present such computations can be made only with considerable qualifications, and should be treated with caution."

Figures on future need are also open to question. Last fall, for example, the Department of Health, Education and Welfare—of which the U. S. Office of Education is an agency—announced preliminary estimates of school enrollment for the year ahead. The announcement said:

"The rise in elementary and high school enrollment calls for 36,800 additional classrooms to accommodate children in kindergarten through grade eight (assuming 30 pupils to a classroom), and 14,600 more classrooms for children in grades nine through 12 (at 25 pupils per classroom)—a total of 51,400 new classrooms."

The figures are incorrect.

At 30 pupils per elementary grade classroom, the enrollment rise (using figures from the same announcement) would require 29,700 new classrooms—not 36,800. At 25 pupils per high school classroom, enrollment rise would require 12,700 new classrooms—not 14,600. The total is 42,400—not 51,400. Enrollments have since been revised downward still more.

The error resulted from including as public school requirements the enrollment rise in all schools—private, parochial, residential schools for exceptional children, model and practice schools in teacher training institutions, federal schools for Indians, and federal schools under Public Law 874, as well as in public schools.

Thus the need for public schools was related to enrollment increases in all public and nonpublic schools. The number of new classrooms built, however, included only those built by public funds—thus exaggerating the gap between backlog and fulfillment. Over a period of years advance estimates of the number of new pupils each year have been similarly overestimated.

On Sept. 8, 1955, the Office of Education estimated that 25,215,000 pupils would attend public grade schools during 1955-56.

The actual attendance was 24,588,000.

On Aug. 26, 1953, estimates were that 23,369,000 youngsters would be attending public grade schools in 1953-54.

Actual attendance was 22,801,400.

In high schools the original estimate was for 6,421,000 pupils. The actual figure was 6,388,000.

The Office of Education estimated that total enrollment in all schools, public and private, for grades through high school would be 34,233,700.

The true figure turned out to be 33,468,000.

The Office also estimated that there would be 33,657,000 pupils in public schools in 1956-57.

That figure—like others—was revised downward, first to 32,653,000, and now to 32,200,000.

The estimate on college and university enrollment for the current year—3,232,000—has now been revised to 2,947,000. But Commissioner of Education Lawrence G. Derthick says that "additional enrollments during the school year are expected to bring the total to approximately 3,250,000, an all-time high."

Meanwhile, estimates of expected classroom construction have been consistently low.

For example, in 1954 the Office estimated about 50,000 classrooms would be built during 1954-55. The figure turned out to be 60,000.

The lack of precise information about the true nature of America's school problems is not entirely the fault of the U. S. Office of Education.

For years the Office was starved for funds. As a direct result, it has been forced to rely—to a larger extent than is scholastically acceptable—on data collected for other purposes by other agencies and non-government organizations.

The Office last year asked for \$6,250,000. Congress appropriated 16 per cent less.

In only one of the past six years has Congress not chopped Office of Education funds. That was for fiscal 1956—when the legislators appropriated two per cent more than was requested. In 1955, when \$3.2 million was asked, the cut was nine per cent; in 1954 it was 17 per cent; in 1953 the reduction was 19 per cent, and in 1952 Congress provided eight per cent less than the \$3.8 million that was asked.

One thing the Office could do with a larger budget is to improve its research in education. Although the



Quaker State, from one large, single source, can offer you every type of Aluminum Building Products. The QSM line includes the patented corrugated Aluminum Roofing in Rolls, Building Shapes, Rain Carrying Products, Roofing Accessories, Reflective Insulation, Vapor Barriers, Awning Stock and Aluminum Acoustical Material. In addition, their advisory staff is always at your service to discuss your building needs and to advise you which of their aluminum building products best fit your needs.

BEHIND ONE OF THESE DOORS YOU MAY FIND

*the Answer
to Your Aluminum Needs*



Quaker State can be your fastest, most dependable source of Aluminum Mill Products. Their complete, modern facilities are constantly in operation to supply you with aluminum sheets, coils, and other mill products . . . exactly to your specifications. One phone call to QSM puts their mill at your disposal, gets you what you want, when you want it, whether it's a single skid or a full carload.

Quaker State is your headquarters for Aluminum Research, Product Development, Design, and Manufacturing. Whatever your product, whatever the size or quantity, if it's in aluminum, Quaker State's own experienced engineering staff is ready to help you develop, detail-design, and manufacture exactly what you need in aluminum.

Centrally Located Offices for Your Ordering Convenience
NEW YORK • PITTSBURGH • CLEVELAND
CHICAGO • DETROIT • ST. LOUIS • MIAMI • LOUISVILLE



QUAKER STATE METALS COMPANY

DEPT. 37, LANCASTER, PA.

Phone: Lancaster EXpress 4-5611

Before you buy...

CONSIDER THE LEADER!



Your office furniture is a long-term investment. It should pay off in both durability and prestige. So don't buy rashly. See Indiana Desk, the value-leader, first. The "ID" trademark is your guarantee of "more for your money," of dependable quality, of fine woods carefully selected for lastingly pleasing appearance.

Very close to you, there is an Indiana Desk dealer who stocks a complete line of these value-leader desks. Write for his name now.

indiana desk co., inc.
JASPER, INDIANA • U.S.A.



ONE PERSON

does the work of 10

with **Staplex**
TRADE MARK
the proven automatic
Electric Stapler!

You can't beat STAPLEX for saving time and money in today's Business. No other machine at any price handles such a huge volume of work with so little effort.

Completely automatic, STAPLEX staples instantaneously upon insertion of work. Portable, plugs in anywhere! Perfect split-second stapling every time. No tiresome hand or foot controls. . . . Both hands free to work with—simple, quick-set accurate adjustment up to 4 1/4" depth. Uses standard staples.

Thousands in use in every type of business—get a free demonstration of STAPLEX doing your work, saving money for you, now!

THE **Staplex** COMPANY
791 Fifth Ave., Brooklyn 3, N. Y.

- ☐ Show me STAPLEX in action!
- ☐ Send me further information

NAME _____
COMPANY _____
ADDRESS _____

© 1957, The Staplex Company

SCHOOL NEEDS

continued

Office has been wrong in its estimate of school enrollments in the past, close observers of the education field are astonished that the error was not greater. Additional funds for the operation of the Office of Education would help in the collection of better statistics.

Primary basis for estimating school building needs is a survey of needs in 1952-53 which placed the backlog at 312,000 classrooms.

Information was gathered for the government by the states—some of which did not take part. Those actually taking part used such broad and vastly different interpretations of "need" that the information produced by one is not necessarily comparable to that gathered by any other.

The survey has been roundly attacked and largely discredited. Congress in 1955 was told that less than one third of the building needs reported by one state were for classrooms. More than two thirds were for auditoriums, gymnasiums, multipurpose rooms and so on. Another state, which had done less to meet its school building needs than any other state, reported that only 122 of its existing 4,616 school plants were satisfactory. Subsequent attempts to survey needs have proved equally unreliable.

Mr. Freeman, who has gone into the matter extensively, believes—

because school building construction has been increasing at the rate of better than 10 per cent each year since the end of the war—that the backlog, whatever it is or has been, can be wiped out before 1960.

Thus, stripped of emotional and political considerations, such school crisis as remains seems to center on shifting population—something which federal intervention would do nothing to cure.

The answer to this must vary from community to community. In the Washington, D.C., area, for example, some suburban classrooms are crowded while others are vacant for lack of pupils. The same is true in the Chicago area and elsewhere.

Such situations will continue to plague school boards of growth communities as long as unexpected and unprecedented population growth and mobility continue.

Mr. Freeman says state and local debts are not overly burdensome.

"Interest payments," he says, "required between seven and 10 per cent of all state and local expenditures between 1900 and 1940; they now take only 2 1/2 per cent. Interest payments of state governments equaled 4.4 per cent of all general expenditures in 1940; in 1954 they amounted to only 1.2 per cent. Interest payments of public schools took 5.8 per cent of their revenue receipts in 1940; they required only two per cent in 1954."

He points out also that indebtedness by state and local governments was about twice the size of the an-

FEDERAL MOVE ON SCHOOLS HAS

Federal intervention in the local public school building programs of America is opposed by some of the nation's most prominent organizations and individuals.

Here are a few of the opponents—and brief parts of their stand:

American Legion—In a resolution passed at its national convention last year, the Legion asserted that state and local governments "ought to, can and should" take care of local school needs. The Legion observed that this is a responsibility granted to the states by the Constitution.

American Farm Bureau Federation—The Farm Bureau is a vigorous opponent of federal intervention, except in cases where construction of military bases, or defense industries, causes sudden impacting of local schools. Says Bureau president Charles B. Shuman: "We believe control and financing of public

education should rest with the smallest possible unit of government."

American Medical Association—A.M.A. officials fear acceptance of grants from Washington would lead to eventual federal control of the school systems themselves.

Daughters of the American Revolution—A D.A.R. policy statement promises continuous, vigorous opposition to "all legislation" which would place control of public education in the hands of Washington, thus destroying local control.

Council of State Chambers of Commerce—The Council, whose membership includes all but one state chamber of commerce, has written policy which expresses the fear that federal control inevitably follows so-called federal aid. "Leave the financing to the states and communities," the Council pleads.

Individuals who have fought the

nual revenues of those governments in the 1920's and 1930's. "In 1955 it exceeded annual revenues by less than 20 per cent."

While state and local debt equaled about 20 per cent of the national income 30 years ago, and up to 40 per cent in the 1930's, "now it barely exceeds 13 per cent of the national income."

The federal share of all taxes collected has risen—primarily because of defense expenditures—from 22 per cent 25 years ago to about 75 per cent now.

A logical conclusion, therefore, is that a federal tax reduction would permit states and local governments to increase their own contributions to public construction more rapidly.

At present, only about half the states share costs of local school construction. Only about a fourth do so in any large degree. There appears to be no common reason why others do not do likewise.

While some states and communities are engaged in ambitious school programs, and may soon catch up with their needs, others lag behind. The unprecedented school building activity in one area, however, does little to help in any other area.

Whatever the solution, one need stands out clearly—the need for defining the problem. On this Congress seems reluctant to act. Although the President has asked for \$7.5 million to operate the U. S. Office of Education during fiscal 1958, there appears little likelihood that Congress will approve that much.

END

MANY OPPONENTS

federal aid proposals are numerous.

E. Smythe Gambrell, of Atlanta, Ga., immediate past president of the American Bar Association, says federal aid to the public schools could ultimately bring destruction of freedom in this country.

Carter W. Atkins, executive director of the Connecticut Public Expenditures Council, Inc., says: "It is impossible to have federal aid for education without federal controls."

Roger A. Freeman, former research director of the Education Committee of the U. S. Commission on Intergovernmental Relations, says: "Our schools are the last great bulwark of state and local autonomy. They should so remain. If the schools fall to federal influence they will not only deteriorate; they will set the pattern for more and more power to go to Washington until our states are left empty shells."



New right arm of rail and rubber for Shippers!



➔ B&O trailer-on-flat-car freight service "arms" your distribution plans with dependable flexibility. TOFCEE trailers pick up your freight load *where it is*. Trailers ride on fast freights that maintain all-weather schedules on hauls up to a thousand miles and more. TOFCEE loads ride right off cars and roll to consignee's plant or warehouse.

Worry is minimized through prompt notification of shipper and receiver when any schedule is interrupted. Try this new right arm to reach your customers! *Ask our man!*



BALTIMORE & OHIO RAILROAD

Constantly doing things—better!



Key facts mean better profits

Here are three basic steps to easier control of your business

SEVERAL progressive companies are working hard on a business technique that promises to make management's job easier and more effective.

Their goal: to hammer out, for each level of management, a relatively few basic indicators that measure and reflect all significant elements of performance simply, understandably and forcefully.

Both large and small companies are feeling the need for more and better control information that helps keep management's attention focused on the factors controlling profitability and competitive strength.

In the large business, this need is a product of sheer size and complexity.

Growth, diversification, mergers, decentralization—all these developments of the past decade have increased management's dependence on financial and statistical reports, trend charts, and similar formal types of intelligence.

Without such tools, the top executive of a large corporation is hard-pressed to keep in front of him the total picture of where the business is headed, how well each of its major

divisions is performing, and what new opportunities or potential trouble spots are developing.

In face of this need, simple soundly built controls can make top management's job easier in a number of ways:

First, they facilitate delegation of authority by promoting common understanding of the key factors to be weighed in evaluating the performance of each job.

Second, the information structure permits top executives to maintain adequate control of over-all results without having to get into day-to-day details.

Third, such controls are a means of maintaining a proper balance between immediate problems and long-term needs. They do this by providing a mechanism that keeps short-term demands from diverting management attention from broader, more fundamental, factors controlling success of the business. In this way, top executives are better able to keep from being whipsawed by day-to-day pressures and expedencies or from becoming completely enmeshed in fire-fighting or trouble-

shooting. In short, a compact, top-flight set of management controls helps top executives run their jobs instead of being run by them.

Recognizing this payout for the large, complex organization, one asks: "But what of the small company?" Does the fact that the chief executive is better able to get his arms around the business eliminate the need for formalized control information? Can he rely instead on informal, on-the-spot observations and judgments as the sole or even the primary means of obtaining information for decision-making and control?

Recent experience of a number of small companies—successful and unsuccessful—suggests that the answer to these questions is "no." Although the need for and benefits of better controls may vary somewhat among companies of different sizes, even the small company can profit greatly from making the use of such tools an important part of its approach to management.

Probably the greatest potential gain in this area is the increase of administrative skill among managers of small companies. Many of today's businesses with 50 to 250 employees are not only based on a sound idea, but also are headed by men of special skills or inventive genius.

But, almost as often, the top executive is not what Ralph Cordiner of General Electric has called a professional manager. He has had little training or experience in administrative techniques. Yet skill in this area is one of the important prerequisites to his building the present enterprise into one of tomorrow's larger companies.

Thinking through the real planning- and control-information needs of even the smallest business is one of the surest ways of fostering these management skills. The reason is that this process itself centers attention on 1, identifying the competitive and economic forces at work in the business, 2, determining what are the important jobs to be done, 3, setting goals and standards, 4, measuring actual performance, and, 5, holding people accountable for re-

isolate

the 4 to 6 factors on which firm's success depends



sults. These activities are the very heart of dynamic administration.

Against this background of need and opportunity, how should the job of developing profit-building management controls be tackled? The major steps are these:

1. Identify the key factors to be planned and controlled
2. Set standards of performance for each of these factors
3. Develop presentation techniques that make management information easy to understand and use. (See "How to Make Facts Stand Out," June, 1956, NATION'S BUSINESS.)

Identify key factors

This step is clearly the most important. The imagination and depth of thinking with which it is done will largely determine the quality of the whole planning and control process.

The step itself breaks down into two parts:

First, isolate the critical factors on which success of the business depends. For any business these will ordinarily consist of not more than four to six factors. They are the activities or aspects of the business that have a major impact, not only on short-term profit results, but also on long-term growth and competitive strength. They are the factors of such continuing significance that the breakdown of any one of them for a sustained period would, at best, impair earnings and industry position and, at worst, put the company out of business.

Obviously these factors will vary widely from industry to industry. For example, in the automotive industry they include (but are not limited to) car styling, maintenance of a hard-hitting dealer organization, and achievement of competitive manufacturing costs.

In the chemical business, the list would include development of new products or new uses.

For a major appliance distributor, effective inventory management would be critical.

For a life insurance company, marketing effectiveness, investment management, and home office cost

control would be among the keys to success.

The story is much the same for other types of business, whether they be construction contractors, electronics manufacturers, plastics extruders, commercial airlines, savings banks, lumber dealers, department stores, or newspaper publishers. For each such industry a relatively small number of key factors controls company success. For no two industries will this list of factors be exactly the same.

Second, break down each factor into its profit-making components. These are the important elements of performance that have to be controlled individually to ensure satisfactory over-all results. For example, one consumer goods manufacturing company listed marketing effectiveness as a factor critical to success. In breaking down this factor, company executives listed four elements of performance: market penetration (number of outlets), share of market, profitability of the mix sold, and strengthening of the distributor organization.

Here, again, the elements of performance will vary from company to company. Notwithstanding these differences, there are a number of key control areas common to most industries. As such, they provide a useful check list and an approach for any company—large or small—to follow in developing its own controls. These key areas are:

1. Over-all performance
2. Marketing effectiveness
3. Quality of product and service
4. Cost performance
5. Financial position
6. Creativity
7. Personnel resources
8. Payout from investment

Over-all operating performance

The most widely used information for assessing over-all performance is the earnings or profit-and-loss statement. But most such reports do not help management run the business. As an illustration, the operating statement of a commodity processing company lumped together the major elements of income and

cost performance in a single gross profit figure. This combined marketing profit, variations in manufacturing cost, and gains or losses on raw material speculations. Because of this intermingling, accountability for results achieved was obscured and management's ability to deal with unsatisfactory profit performance was greatly diminished.

This condition was corrected when the company revised its accounting system in such a way that it would show separately the important components of profit results, the group responsible for each of them, and the key reasons for unsatisfactory performance.

Another company that modernized its accounting in a similar way now reports its monthly profit and loss statement in visual form.

Other types of information that deserve wider use as summaries of over-all operating results are, 1, trend of company's rate of return on capital invested and, 2, trend in the company's industry position.

Availability of information on industry-wide or individual competitors' operating results is by no means limited to those industries in which the financial statements are released to the public. In many other industries, trade associations gather, summarize, and disseminate operating statistics among their members. Even where this source of information is not available, a little ingenuity can lead to the development of some useful clues to a company's relative standing.

For example, the manager of a dry cleaning establishment in a small midwestern city maintains a chart showing the percentage of his active customers to the total number of families in the community, as reported annually by the local chamber of commerce.

Marketing effectiveness

Many companies find that one of the most effective tools for over-all measurement of marketing results is a report of actual versus planned marketing profit. (This figure is developed by subtracting from gross sales, 1, selling, field warehousing, and other distribution expense and,

Key facts

continued



a few basic indicators can show...



2, the cost of goods manufactured. For the latter figure, a predetermined standard cost or transfer price is used to keep from mixing up marketing results and manufacturing cost variances.)

Companies that have created this kind of a marketing control tool find that its great advantage lies in focusing salesmen's attention on profits rather than on volume alone. One sales executive who continuously exhorted his field force to "get the tonnage and the profits will take care of themselves," has seen his company maintain first place in the industry in terms of volume sold, but decline to third place in profit results. The reason is that alert competitors have shifted emphasis from low-margin bulk items to high-margin packaged and specialty items.

Other important recurring information that companies use to help plan and evaluate marketing results includes:

1. Trend of volume and share of market by geographic area, class of customer, or channel of distribution
2. New accounts developed and accounts lost
3. How salesmen spend their time
4. Reasons for lost orders
5. Sales outlook and competitive conditions summarized from written reports sent in by field salesmen

The need for marketing control tools is not limited to make-and-sell businesses. For example, a life insurance company regularly prepares reports on:

1. Its share of market in each territory where it has a branch
2. Profitability of new insurance sold
3. Progress in building up its field sales force of both salesmen and supervisors
4. Return on the funds invested in the various types of field expansion ventures

A New England savings bank measures its effectiveness in attracting depositors and customers by regularly comparing its changes in amount of deposits, number of de-

positors and in number of mortgage and personal loans—all with comparable figures for other banks in the area.

Quality of product and service

The practical test of product quality is market acceptance. In a number of reporting systems, this factor, in turn, is measured by sales returns and by customer quality complaints. A common type of report shows, for each product, the total quantity returned as well as a breakdown by reasons for the returns.

Alert managements insist that this type of quantitative information be supplemented by narrative reports of quality complaints that do not result in returns. Actual returns often are a less significant index than the statement by an important customer, "I had difficulty processing that last batch," or "I'm keeping your product but I wouldn't buy another one."

The speed and reliability of delivery service has particular competitive significance in industries with uniform prices and little product differentiation.

Under these circumstances, management often develops control information showing the effect of production output on delivery service. This might include:

1. The ratio of number of delivery promises broken to number kept (where delivery promises are made by the factory)
2. Back order position
3. Delivery performance against contract schedules
4. Customer delivery complaints

Well managed service organizations give equal attention to this factor. A major airline, for example, includes in its daily operating report a passenger service index which reflects, in properly weighted form, all flight delays, cancellations, and passenger removals resulting from oversales or unanticipated operating requirements. A casualty insurer regularly summarizes statistics on the length of time required to process and pay claims.

Cost performance

There are few businesses in which skillful control of major elements of cost is not one of the long-term requisites for survival. Here, the beginning point of control should be a painstaking analysis of the profit-and-loss statement to determine what are the big items of cost and how controllable they are. These will vary widely among different types of business.

In a basic processing industry, yield is a critical determinant of ultimate cost. In a can-making plant, equipment utilization is a key. In the heavy chemical industry, maintenance and repair costs are often more important and more controllable than direct labor costs. In the restaurant business, the cost of food purchases as a per cent of total income must be watched closely. In an industry involving considerable hand assembly work, labor productivity is a major factor. As an example, in the automotive industry, an important control figure is the number of man-hours required to assemble a car.

But the importance of cost factors is not limited to make-and-sell businesses, nor to the manufacturing division of such businesses. As one of his principal cost controls, the chief executive of an ocean-going tanker fleet receives a regular report showing an over-all index of ship utilization and measuring such underlying causes as ship turnaround time at loading and discharging ports.

A manufacturer of household paper products has recently poured a great deal of effort into improving controls of shipping and field warehousing costs since these are so high in relation to the value of the product. Another manufacturer has developed a set of criteria for evaluating performance of the purchasing department, since purchased materials and components represent more than 50 per cent of the cost of goods manufactured.

Financial position

The balance sheet is the basic statement of financial position for all businesses. But many executives



feel that the traditional form of balance sheet has outlived its usefulness. The criticism advanced most often is that, in its typical form, the balance sheet is too static. It provides information about the assets and debts of the business without relating them to yardsticks or to the operating needs of the business.

For these reasons, statements and analyses of a more dynamic type are coming into more widespread use. These show:

1. The actual financial condition of the business compared to a budget or plan
2. The adequacy of funds to run the business
3. Measurements of how effectively or fully funds invested in each type of asset are being used

Analyses of the latter two types are particularly important with respect to the so-called current assets—cash, accounts receivable, and inventories. Unskilled management of working capital is high on the list of reasons for business failure.

(a) **Cash:** In companies that are operating with insufficient working capital or have excessive inventories, a daily report of cash income, outgo, and closing balance may be one of management's most important control information needs.

Another common need of top management—particularly in smaller companies—is the cash forecast. To meet this need, the president of one company receives two types of projections.

The first is a short-term cash forecast prepared monthly for each of the six months immediately ahead. Its purpose is to help management make sure that adequate funds will be available to cover month-to-month operating needs including inventory build-ups, seasonal peaks in activity, and sizable intermittent outlays for taxes, interest payments, or dividends.

The second projection is a three-year cash forecast prepared once each year. This is used as an important tool for longer range financial planning. It helps management to develop specific programs for reducing long-term loans and determining the funds required for new construction and expansion.

(b) **Accounts receivable:** In businesses that have restricted working capital or are selling to doubtful credit risks, top management ordinarily needs some measure of the effectiveness of its credit and collection policies and how well they are being administered. To meet this need, an executive in the textile industry receives two reports. One is

a graphic presentation showing the trend in the number of days' sales represented by the total accounts receivable. This, in effect, shows the average collection period currently being experienced in relation to a goal or standard figure. The second report shows the age of the outstanding receivables. That is, it breaks down total receivables into:

1. Up to 30 days
2. Thirty to 60 days
3. Sixty to 90 days
4. More than 90 days

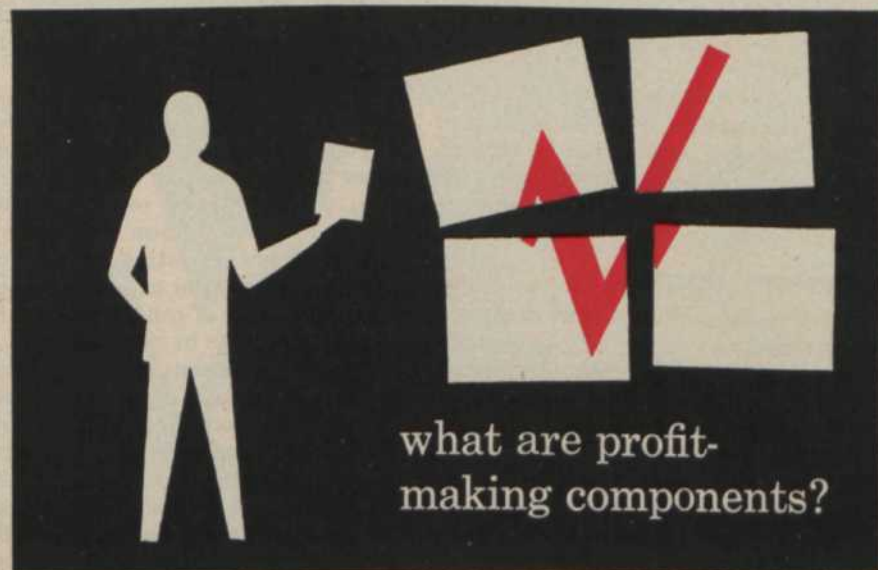
If the amount in the last of these four categories is excessive or over budget limits, the report then breaks down this amount by individual customer name.

(c) **Inventory Position:** Two facts underscore the importance of inventory control in modern business operation. These are:

1. In most manufacturing companies, the management of finished-goods inventories is the heart of the day-to-day problem of coordinating sales and production.
2. Inventory losses are a primary direct cause of business failure and have been widely present in most cyclical business declines and depressions. This is why inventories are so frequently referred to as the graveyard of business.

Under different circumstances, controls need to be built for three different types of inventory results. These are:

1. Total investment in inventories. Here, top management needs can usually be met by comparing actual and budgeted inventory amounts on the monthly balance sheet. Another useful form is a trend line of the inventory turnover rate.
2. The balance or mix of inventories. This is essentially a matter of ensuring that the composition of inventories is kept closely geared to short-term sales or production requirements. Where this operating phase of inventory management is of concern to top executives, the need might be met by a variety of control information ranging from actual versus standard turnover rates for each class of inventory to a running



Key facts

continued



accountants
are learning
management's
real needs...



graphic comparison of production volume, finished-goods inventories, and unfilled orders.

In companies that maintain extensive inventories in owned or distributors' warehouses, a summary report by geographic location is often needed to maintain satisfactory balance among field inventories and thus enable the company to give comparable service to all segments of the market. This sort of information is most likely to be needed when the company's products are in short supply or when its inventory consists of many models and sizes of high-value items such as television sets, refrigerators, and other large appliances.

3. Inventory losses. These might be caused by product obsolescence, price declines, deterioration, or unexplained shrinkage in inventories. To minimize these losses, the skillful manager seeks to develop preventive controls rather than after-the-fact summaries. For example, one leader in the cosmetic industry has found that the ratio of sales returns to sales is not so much an index of manufacturing quality as it is an early indication of changes in customer tastes.

Creativity

Innovation is the lifeblood of every business. Real growth and progress come to those who have the perception and discipline to work continually on meeting needs that lie two to five years ahead.

An important part of this need calls for development of new products or uses and improvements in existing products. But business creativity takes many other forms. These might include the introduction of new methods of operation, the development of new manufacturing processes, the conception of wholly new ways to market a product, or reorganization and strengthening of the corporate financial structure.

To keep on top of this part of their job, forward-looking managements use three types of control:

First is information on results achieved. One of the reports watched most closely by the executive committee of a pharmaceutical manu-

facturer is a bar chart showing the breakdown of each year's total sales by year of introduction of the products sold. The last such chart showed that 57 per cent of the company's 1955 sales were made up of products introduced within the past three years and that only 21 per cent was made up of products developed five years or more ago.

Another company, to ensure maintenance of balance in its total improvement program, breaks down the planning and control of research and development manpower among short, medium, and long-term projects and among development of new products, improvement in existing products, and development of better manufacturing processes.

Second is information on needs and opportunities. This can range from analyses of market opinions or competitive moves to a listing of alternative projects and assessment of each in terms of likelihood of success and magnitude of potential benefits if successful.

Third—needed particularly in the smaller company—are facts to ensure that management is giving adequate attention to longer-term improvement needs. In a company that has grown from \$1 million to \$7 million in volume within five years, the president and three vice presidents prepare a yearly plan of how they should spend their time. Secretaries then keep records of actual time distribution, which the executives review monthly in a joint meeting.

A major purpose of this review is to make certain that the leaders of the business are devoting enough time and thought to the areas on which they all agree the company's future rests.

Personnel resources

Recently a West Coast manufacturer had an opportunity to buy out one of his principal competitors and thereby achieve a long-time goal of becoming the industry leader. After the initial flush of enthusiasm over this opportunity had passed, he regretfully turned it down because he realized that he had not developed the executive talent that would

enable him to manage the much enlarged company.

To keep this top management responsibility from falling between the chairs, some chief executives have their organizations prepare annual personnel inventories to highlight the company's ability to replace existing executives or to meet expansion needs. Such information does not, of course, cover the qualitative aspects of the problem. But the very process of preparing it forces a regular, systematic evaluation of the whole management development program.

Another ingredient in the quality of an organization's personnel resources is employee morale and attitude toward the company. Larger companies sometimes measure this factor through independently conducted attitude surveys. But even the smallest company can get useful clues from simpler approaches. One president, for example, has his secretary keep a record, by department, of the trend of absenteeism and the reasons for separations.

Payout from capital expenditures

The great majority of companies today make some kind of financial evaluation of proposed capital expenditures before committing funds to such ventures. Typically, these take the form of an estimate of savings or of the profits that will result from anticipated increase in sales. Resourceful managements have developed sharper tools for controlling such expenditures.

One chemical company, for example, requires that the anticipated payout of proposed capital expenditures be expressed as the rate of return to be realized on the investment. It then follows the general policy of not investing in projects that do not equal or exceed the overall average rate of return realized by the three leaders in its industry.

Another company is not content to base investment decisions on such information alone. In addition, it requires that once each year its executive committee weigh the actual results produced on each capital project against the estimate on which the grant of funds was based. This prac-

more graphic
presentation
techniques
to show
trends...



tice, according to company executives, forces people to be a lot more realistic in their estimates of the payout on future capital requests.

Set performance standards

The cornerstone of effective control is determining how good a job is being done. No information tools have real control value unless they contain the basis for measurement or evaluation. This means that once the critical elements of performance have been identified for any company, management's second job is to establish for each of them an objective or standard to be achieved.

Companies that have given much thought to improving planning and control methods recognize that these goals cannot be merely a hopeful statement of intentions or an informed prediction of what is likely to happen. Rather, they must represent the specific end results that the organization is going to gear its efforts and spend money to make happen.

The beginning step in setting such standards is development of an annual profit plan. If this is to represent a controllable, attainable plan, it should not only express income, cost, and expense goals, but also be underpinned by concrete action programs for achieving those results.

But, target-setting should not stop with cost and income planning. The ideal is to develop quantitative measurements or evaluation criteria for every important element of performance affecting long- as well as short-term profits. These should be expressed as the results that will be achieved or the conditions that will exist if performance is outstanding.

To meet this need, a small-appliance manufacturer has set standards for inventory turnover, facilities utilization, product rejections and returns, and delivery performance. Another company has developed specific criteria to help evaluate its research and development effort. Still another has established yardsticks for measuring purchasing effectiveness.

These are difficult measurements to establish, and they can never be so exact that they eliminate the need for seasoned judgment. But the need for finding a way around these difficulties is rooted in the fact that the elements of performance which are most difficult to measure by any present-day techniques are the very ones that have the greatest bearing on long-term success of the business.

Improve presentation

The final step in an all-out attack on improvement of controls is to

develop information presentation techniques that make it easy for the nonaccounting executive to understand and use the reports submitted to him. Admittedly, this is a matter of form and not of substance, but a great many executives will testify that it has a major bearing on the usefulness of reports and, therefore, on the extent to which they are used.

One development in this area is that accountants are tending to be less preoccupied with the technology of their profession—with accounting principles and method—and are learning how to think more deeply about the real interests and needs of the management. As a result, one of the prime skill requirements of today's accountant is the ability to develop presentation techniques that highlight significant trends or developments.

As a further step in this direction, a number of companies are shifting heavily to graphic or visual methods of presenting their key reports. But even on accounting and statistical reports, much can be done to reduce the volume of data and arrange it so that exceptions or other significant facts stand out boldly.

The three steps in the approach outlined are simple in concept but not easy to execute. To do anything more than a patched-up job requires a great deal of time and hard, competent work. But the fruits can be well worth the labor because, as a top executive of an equipment manufacturing company put it: "It took us several years to develop and learn how to use the control tools that we now have. We consider them one of our most priceless assets. For the first time we have confidence that all the important bases are covered and that we are getting the critical information we need to run and build our business."—RICHARD F. NEUSCHEL

Principal, McKinsey & Company, Inc.

REPRINTS of "Key Facts Mean Better Profits" may be obtained for 15 cents a copy or \$11.25 per 100 postpaid, from *Nation's Business*, 1615 H Street, N.W., Washington 6, D. C. Please enclose remittance.



more power...

International® 350 Utility Tractor for 1957



more useful on more jobs

More power—that you can put to better use on more jobs! It will pay you to try it . . . *see for yourself* how stepped-up power combines with International 350 Utility weight to drive a husky backhoe bucket through tough digging—boost trenching yardage 25 per cent or more.

More power and greater built-in weight also provide *traction* to bull loader buckets full. You'll cut loading time as much as a third, compared to lighter-weight rigs.

So try it! Let us prove to you that the International 350 Utility tractor has the *power*, the *weight*, and the *stamina* to outwork them all!



... more power put to better use. Up to 1,000 pounds greater built-in weight provide power-weight balance to hit the pile hard, load a half-yard materials bucket fast, and get out quick for another bite.



... more power put to better use. Live, completely independent power take-off drives trencher, other power equipment at constant speed... regardless of shifting gears. Eliminates stop-and-go time losses.

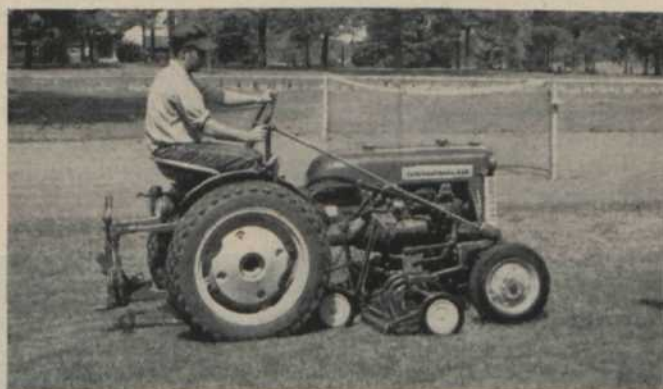


... more power put to better use. Power steering cushions jolts, makes heavy-load steering easy... provides one-hand control. Operators load up to one-third faster, twice as easy. It's a man-saver!



... more power put to better use. With Torque Amplifier and independent pto, you boost pull-power, change travel speed, keep pto at constant speed... all without stopping to shift gears.

Cost cutter for light jobs... International Cub® Lo-Boy®



Save up to \$1,000 on first cost with the International Cub Lo-Boy compared with heavier tractors. Easily equipped with 3-gang reel, 42-inch rotary, 5-foot cutter bar, or 48-inch hammerknife mower.



Haul, mow, load, level, grade. Complete line of job-matched equipment to team with Cub Lo-Boy's 10 drawbar hp. Over-all width of 48 3/4 inches clears narrow factory aisles, other cramped quarters.



Call your nearby IH dealer now! He'll show you how you can cut your costs with an International tractor—5 sizes from 10 to 60 drawbar hp. Look in the classified directory... Phone today for a free demonstration.

SEE YOUR

INTERNATIONAL HARVESTER DEALER

International Harvester products pay for themselves in use—McCormick Farm Equipment, Farmall and International Tractors... Motor Trucks... Construction Equipment—General Office: Chicago 1, Illinois

HERE'S WAY TO FEWER GOVERNMENT REPORTS

Federal forms cost business \$200 million a year. You can help reduce them

EVERYBODY agrees that something ought to be done to curtail the incredible volume of reports, records and questionnaires that business fills out for Washington agencies at a cost of more than \$200 million a year. But fur starts flying when you nominate one particular report for oblivion.

Despite the obstacles, some progress has already been made by a handful of dedicated business executives and government officials who have tackled the paperwork problem with political realism and persistence.

These paperwork fighters say future results depend to a large extent on the intelligent cooperation of individual businessmen who are in the best position to pinpoint targets.

To get into the fight effectively, you need to know: **The real nature of the problem.** Underestimating the real value of many federal reports, and ignoring the fact that much paperwork is only the surface symptom of some federal regulatory function that can't be shouted out of existence, are two of the most common and serious mistakes.

How you can take the initiative. The government's paperwork-control experts received fewer than 150 self-starting suggestions from businessmen last year. They need and will welcome your ideas. Convenient machinery exists to insure a sympathetic top-level review of any sincere proposal—on an anonymous basis if you prefer.

How to make your criticisms count. Shotgun complaints against paperwork in general will do no good. Single out one form that particularly harasses your industry or your firm. Figure out specific ways it can be shortened, simplified or otherwise revised to reduce the reporting burden without sacrificing its essential purposes.

The process of screening federal reports has been going on for a long time. Most of the easy and obvious targets have already been knocked off. Contrary to popular impression, comparatively few of the 4,450 surviving federal forms are still vulnerable to demands for outright elimination. The real pay dirt of the future lies in the field of improving and simplifying reports, rather than wholesale reduction in sheer numbers.


The perils of an unsophisticated approach to paperwork reduction are demonstrated by what has happened to the Hoover Commission's only specific recommendation in this field.

The recommendation—actually an endorsement of a plan previously worked out by the Internal Revenue Service and the Social Security Administration—called for legislation to eliminate the form 941 tax returns which 3 million employers are now required to submit each quarter.

The Commission estimated that doing away with this report, which requires a firm to list every one of its employees by name and social security number, showing the amount of wages paid to each during the quarter, would save business \$22 million a year.

The Social Security Administration uses the report to compute wage data on a quarterly basis. The agency said that if Congress would authorize computation of social security wage data on an annual basis, the necessary information could be obtained from the form W-2 withholding tax statements which employers file once a year on all employees.


Rep. Thomas A. Jenkins, Ohio Republican, has



Only one third of current federal forms are inquiries to get statistics

Other two thirds of forms represent reports that must be made under authorized federal programs

Don't blast all paperwork as wicked. Aim your fire at most annoying form. Figure how to make it simpler, reporting easier



reintroduced a bill to do this. In the 84th Congress, the bill, although it looked entirely noncontroversial, remained in a House Ways and Means Committee pigeonhole until adjournment.

The reason: Organized labor vigorously opposed it.

Nelson Cruikshank, AFL-CIO legislative director, explains why:

Labor has been fighting for years to get the unemployment compensation laws of all states to include a formula by which jobless workers receive paychecks based on a percentage of their average earnings during their "best quarter" of the preceding year. This formula, now operating in 28 states, hinges on the ready availability of quarterly wage data. The AFL-CIO figures that, if the federal report is eliminated, a good many legislatures will seize on nonavailability of quarterly wage data as a sufficient reason for eliminating the "best quarter" formula, and putting unemployment pay on a lower, annual average basis.

The obvious question is on what conditions labor might withdraw its roadblock.

"We will go along with the Jenkins bill," Mr. Cruikshank said, "if the Administration will sponsor another bill writing into law the minimum federal standards for unemployment pay that President Eisenhower has repeatedly endorsed."

So far there is no indication that this will be done.

The moral to this story is that the issues involved in reducing paperwork are almost never as simple as they appear to be. This means that the job calls for patient, realistic efforts to harmonize conflicting interests.

It is not unusual for one industry, or segment of an industry, to protest as unduly burdensome a report that another vigorously insists is absolutely essential.

For example, the Hoover Commission's paperwork task force recommended, on the basis of a wholesale grocer's complaint, elimination of the Census Bureau's form B-1310, a quarterly inventory report on stocks of canned foods. When the Budget Bureau's screening agency, the Office of Statistical Standards, solicited business comments on the proposal, the National Canners Association replied:

"A number of canners consistently use this report to obtain a more complete and accurate picture of the supply position for the major canned foods. . . . It provides them with valuable data not available from other sources."

Sometimes dispute arises even within the same corporation. In one not unusual case, the comptroller's office of a large chemical firm demanded elimination of a Tariff Commission report on synthetic chemical production, while the market research office of the same company labeled the report "indispensable."

By far the most common type of conflict, however, is that in which business challenges the need for a report, but some federal agency argues that it is necessary to the performance of an administrative or regulatory function.

"Contrary to what many businessmen believe," says David E. Cohn, Budget Bureau executive assistant for paperwork control, "collection of statistics is not the chief villain in this piece."

"Only about one third of the federal forms now authorized for recurring use are inquiries for statistical purposes. The other two thirds represent reporting required in connection with authorized federal programs."

(Continued on page 92)

ARMCO STEEL BUILDINGS!

attractive

outside and inside

save

on construction costs!



Architectural treatment of exterior provides a handsome brick and plate glass front for this hardware store of Armco STEELOX construction. Building is 40' wide, 96' long.



Decorative treatment of interior can be as simple or elaborate as desired. This neat arrangement sets an inviting background for display in a 49'4" x 80' appliance shop.

You get unmatched advantages when you order an Armco Steel Building. For example: Choice of thousands of shapes and sizes. Custom-styled convenience at mass-production savings. Fast, easy, low-cost construction with ready-to-erect Armco STEELOX® Panels. Flexibility that permits detailed treatment outside and inside. An attractive, rigid, weather-tight, fire-resistant structure requiring minimum maintenance.

Whatever your needs—store, office, motel, machine shop, school, club house, warehouse, factory—it will pay you to look into the economies of Armco Steel Buildings. Unlimited widths and lengths. For detailed information, send coupon below!

MAIL COUPON TODAY!

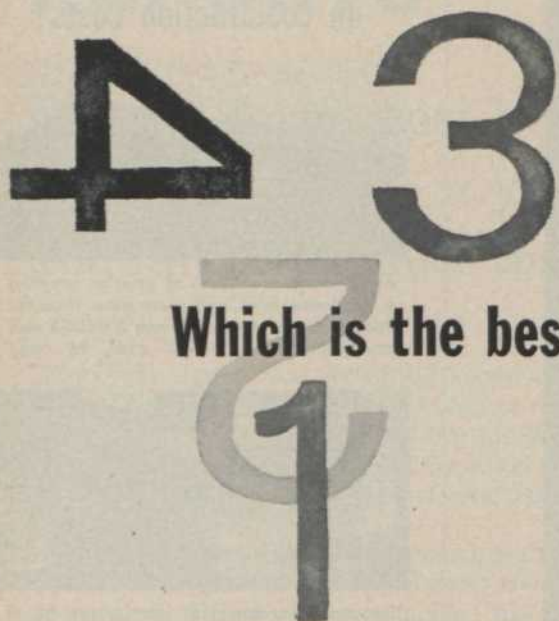
Armco Drainage & Metal Products, Inc.

507-C Curtis Street
Middletown, Ohio



Send me complete information about Armco Steel Buildings for the following use:

Size _____
Name _____
Company _____
Street _____
City _____ Zone _____ State _____



Which is the best way to air condition your store?

That depends on its size, what you sell, how much floor traffic you have. Here, for example, are four good ways a store can be air conditioned. But only a survey of your business will tell which of the four is best for you. So ask your Carrier dealer to analyze your needs and guide you in the right selection. Because he sells these four (and many more), his first interest is to recommend the type of air conditioning that serves you best. Call him today and be sure.

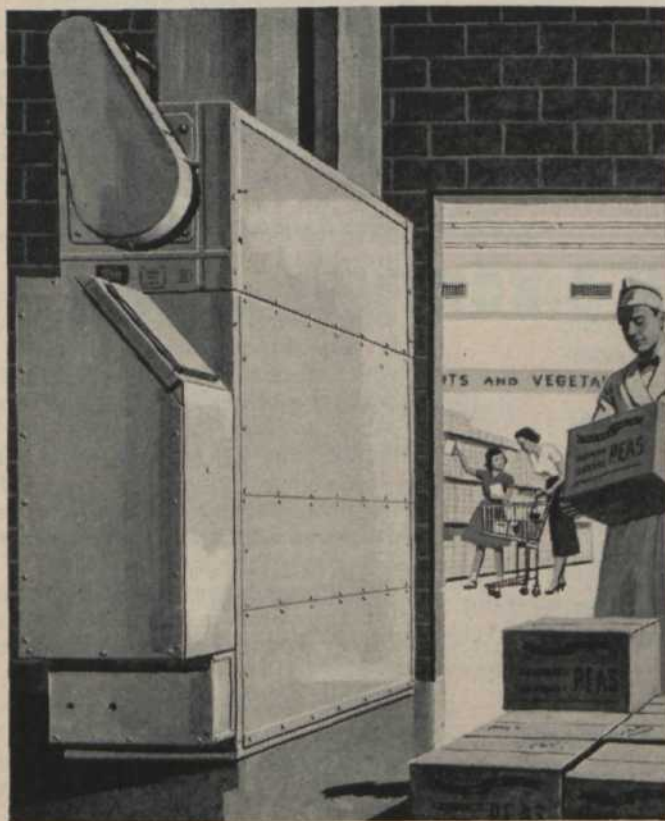




1 **Are you building a small store?** Then plan to use a Carrier Year-round Weathermaker* and you'll do two jobs at once—cooling and heating from a single, compact unit. Thermostatically controlled.



2 **Do you run a large store?** One or more of these Carrier Weathermakers located throughout the area will give excellent results with or without ducts. Some models require no water. Quiet in operation.



3 **Is yours a supermarket?** A large Weathermaker like this can be installed behind the scenes to save valuable selling space. Inexpensive ducts across the ceiling distribute the conditioned air uniformly.



4 **Do you have a department store?** Carrier System Weathermakers supplied with refrigeration from a central source will give your customers custom-tailored comfort. Little maintenance needed.

*Reg. U.S. Pat. Off



WHEN BUSINESSMEN GET TOGETHER THE TOWN BEGINS TO JUMP

Who do you think staged those highly successful tours of local industry? Your Chamber of Commerce, of course. The tours helped our local citizens understand the part that business plays in raising living standards for all of us.

Who compiled and now maintains a file of local industrial data which businessmen like you can refer to whenever you want to find out what the community is producing? Your Chamber of Commerce, of course. Already that information has been instrumental in bringing three new industries to town. When they saw what was available, and the type of labor they could call on, they were sold.

Who helped arbitrate that labor dispute over at the mill? Give you one guess. Our boys have made a study of labor-management relations and are ready to give useful help when asked.

Yes, your Chamber of Commerce is on the side of business, just as it is on the side of everything that serves community progress. The Chamber gives us a chance to get together for constructive purposes. We help each other and in so doing we help ourselves. Why not join us and share in those activities that most concern you? In the long run you'll be the gainer.

Pete Progress

Speaking for
your Chamber of Commerce

FEWER REPORTS

continued

Mr. Cohn and his staff of 25 paperwork experts in the Office of Statistical Standards demand proof that an agency actually needs a particular bit of information from business to carry out a task that has been assigned by Congress or is clearly within the agency's discretionary rights to determine its responsibilities.

After 15 years, Mr. Cohn is convinced that his office has tagged out most of the reports which are demonstrably off-base. In the future, he says, "substantial progress will require much cooperation and ingenuity in devising new types of administrative procedures which will not require such voluminous reporting."

Here is where you come in. You can strengthen Mr. Cohn's hand in three specific ways:

► Your protests, especially when sent through proper channels on your own initiative, help to document the fact that a particular report is burdensome on business, and thereby build up more pressure on the offending agency to work out a better administrative or regulatory procedure.

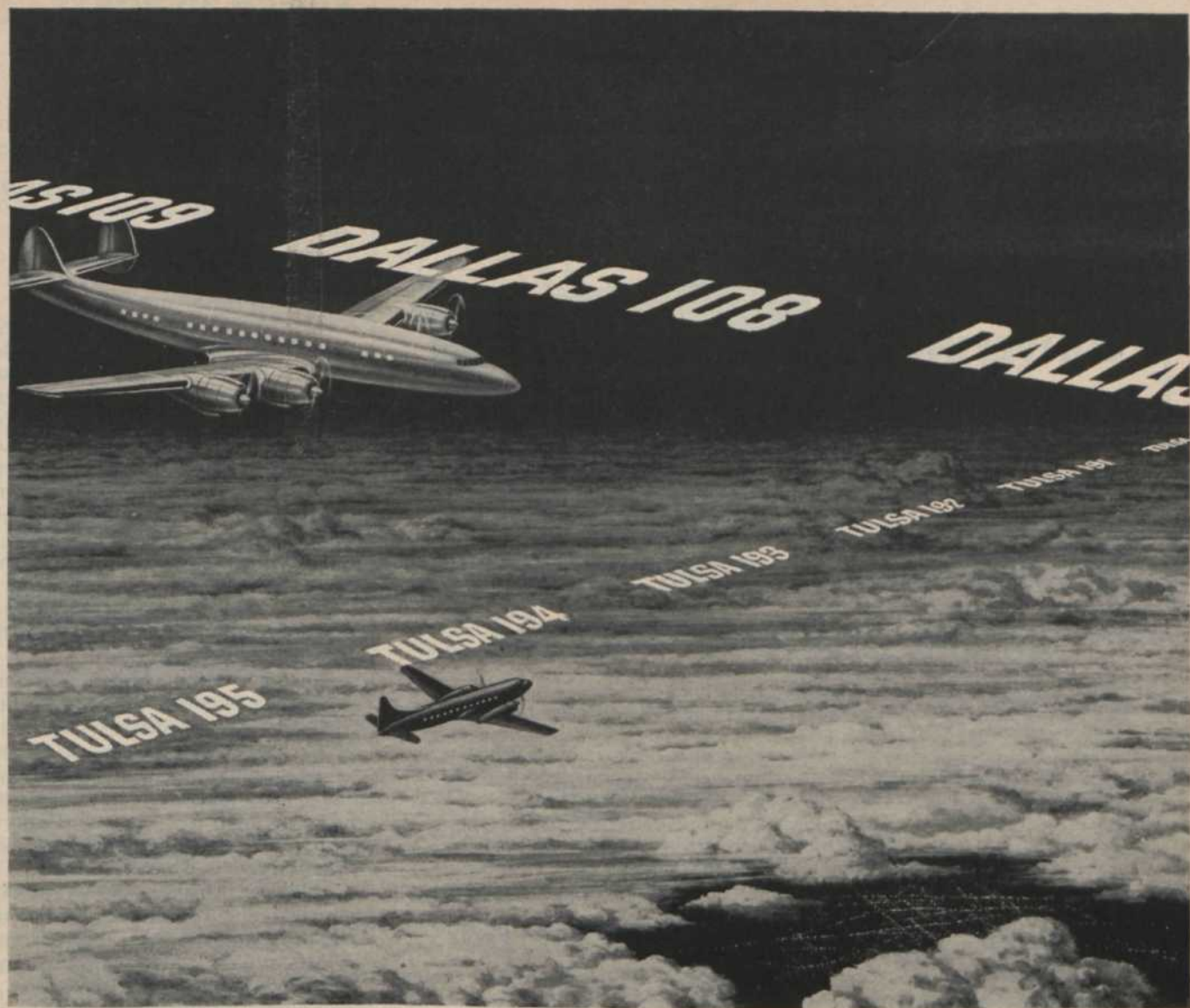
► As the man being regulated, you probably can contribute some of the needed ingenuity in figuring out how the agency might keep an eye on your operations with less paperwork on your part and no real loss of efficiency on its part. It is important here not to use an attack on paperwork to camouflage an attempt to fight an existing regulation. The place to fight that battle is in Congress, through political action.

► Even if you can't think up a way to get a report eliminated, you usually can recommend specific ways in which it can be made easier to live with—by changing the questions asked so that the answers can be copied out of records or reports which your industry maintains for its own use; by reducing the frequency of filing; or simply by clarifying some of the language.

In this connection, Mr. Cohn offers two tips which may be of immediate use in reducing the paperwork burden:

1. "When you are in doubt about what is actually required of you, resolve the doubt to your own advantage. Do it the easiest, simplest way that you can."

"Too frequently, business firms interpret the instructions on a federal report in the hardest possible way. I could cite hundreds of instances that have come to my attention in



IT&T now provides—
continuous **ELECTRONIC MILEPOSTS IN THE SKY**

VORTAC—the new, automatic navigation system for all civil aircraft.

From Federal Telecommunication Laboratories, a division of International Telephone and Telegraph Corporation, came TACAN (tactical air navigation)—to give our military aircraft the pin-point navigational accuracy and reliability, both in distance and direction from a known point, demanded for military operations at jet speeds.

Because the present nationwide navigation system for civil aircraft, called VOR, already provides the

directional information, the government's Air Coordinating Committee decided to add the distance measuring feature of TACAN—creating a new integrated system called VORTAC. Soon all aircraft—private and commercial as well as military—will receive complete navigational information from either TACAN or VORTAC.

In the skies, over the seas, and in industry . . . the pioneering leadership in telecommunication research by IT&T speeds the pace of electronic progress.



VORTAC airborne equipment is now available. For detailed information write to Federal Telephone and Radio Company, a division of IT&T, Clifton, N. J.



INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION, 67 Broad Street, New York 4, N. Y.

Plan and install your own CONVEYING SYSTEM



*...this bulletin gives you
all the help you need!*

Now you can "install your own" cost-saving power belt and gravity conveying system . . . just make sure you have this new Farquhar Bulletin No. 500 in your hand.

Here's a bulletin that's easy to understand, easy to follow. It tells about standard Farquhar Conveyors and gives valuable specifications, useful charts and tables. It shows how to use a "Check List" to put down all the basic information you need for planning and building your own system. These "Check List" facts easily convert into detailed, step by step, conveyor buying and installing instructions. And all this help is just as important whether you are planning a one or two conveyor set up or a big twenty conveyor unit system.

Write, wire or phone for your free copy of the Farquhar Bulletin No. 500—you'll say it's 20 pages of cost-saving dynamite!

Mail
this
Coupon

A. B. FARQUHAR DIVISION, The Oliver Corporation

Conveyor Dept. M-63, York, Pennsylvania

Factory Branch: 618 W. Elm St., Chicago, Ill.

Please send me a free copy of Farquhar Bulletin No. 500.



POWER BELT AND GRAVITY CONVEYORS

Also makers of Farquhar Hydraulic Presses and Special Machinery

Name _____
Company _____
Address _____
City _____ State _____

ELECTRONIC COMPUTERS

Learn to apply business problems to electronic data processing machines. Write for Free Brochure describing the correspondence course "PROGRAMMING FOR BUSINESS COMPUTERS".

BUSINESS ELECTRONICS INC., Ed. Dept.
420 Market Street, San Francisco 11, California

+ INDUSTRY'S BIG PLUS +

- + Skilled Labor
- + Ideal Plant Sites
- + Modern Industrial Parks

RHODE ISLAND
INDUSTRY'S
IDEAL STATE

R. I. Dev. Coun., Rm. 529, State House, Prov., R.I.

PRINTS POSTAL CARDS

Amazing New Advertising Machine!

Learn how businesses are now boosting sales in spite of conditions—with ad messages—printed on government postals with amazing new patented **CARDMASTER**. Guaranteed five years. Low price—sold direct. SEND NAME for **FREE** illustrated book of money-making ideas and complete unique advertising plans. Send your name today to **CARDMASTER CO.**, 1920 Sunnyside Avenue, Dept. 9-C, Chicago 40, Ill.



Clear your desk for action
with this **CURMANCO**
LETTER SORTER

Saves time . . . Invites action
Clears your desk. Handles
Sorts. Classifies. Distributes
work. Electrically welded in one
piece. Olive Green, Brown, Gray.
Letter size \$7.50 Legal size \$9.50
F.O.B. Factory. Two or more
prepaid in U.S.A.

CURRIER MFG. CO. St. Paul 8, Minn.

FEWER REPORTS

continued

which a firm went to a great deal of unnecessary trouble to file far more information than was ever intended.

2. "In cases where the reporting requirement is not consistent with the manner in which you maintain your records, report the data you do have. You may be surprised how often it will prove to be acceptable."

Mr. Cohn, a balding, 56-year-old South Carolinian who operated small business enterprises of his own before joining the Budget Bureau staff in 1942, is one of the "proper channels" through which to route complaints and suggestions. If you have a concrete, comparatively minor change to recommend in a particular form; or if you just want to make sure that the screeners are alert to some specific possibility of reform, you can write to the Office of Statistical Standards, Bureau of the Budget, Washington 25, D. C.

When you have more elaborate proposals to make, or when it seems desirable to coordinate your ideas with other businessmen, or if you desire anonymity, use the business-sponsored machinery of the Advisory Council for Federal Reports, 1001 Connecticut Ave., N. W., Washington 6, D. C.

This organization, whose \$40,000-a-year budget is underwritten by the Chamber of Commerce of the United States and six other business groups, has about 80 active committees of volunteer businessmen who represent virtually every area of commercial and industrial activity. It is the officially recognized liaison between government and business on reducing paperwork burdens.

The Council is also capable of processing your own ideas—assigning them, if you request, a code number which will keep your own name and firm confidential.

Still another alternative is to send your complaint or suggestion through a trade association or a chamber of commerce. This approach is particularly advisable when it is evident that the ultimate target must be a regulatory or administrative operation of which the paperwork is merely the surface symptom. Neither the Advisory Council nor the Budget Bureau will undertake to lobby a bill through Congress. Yet in many cases congressional action is the only relief.

One final word: Remember that this undertaking is somewhat like mining for uranium. You may have to pick and shovel your way through a lot of rocky ground to hit paydirt.

END

Why you can profit from a new plant in Puerto Rico without paying any income tax

By TEODORO MOSCOSO

Administrator of Economic Development, Commonwealth of Puerto Rico



TEODORO MOSCOSO

YOU HAVE probably heard about Puerto Rico's current effort to raise its standard of living. We call it "Operation Bootstrap."

But if you do not know the details, you should. For the Commonwealth Government is now offering U. S. manufacturers such extraordinary incentives that over 475 new factories have already been opened on this Caribbean island in the past five years.

However, before I reveal the details of our remarkable tax-free industrialization program, I do want to make two points of Commonwealth policy absolutely clear.

1. Puerto Rico has no intention of winning industries away from anywhere. Tax concessions are not granted to runaway plants.

2. We do not and never will hold out low wages as an attraction to business. Our Government's firm philosophy is that wages should rise, industry by industry, as profitability permits.

So much for our general aims and attitudes. Now for some details as they might affect you and your company.

100% tax freedom

Start a new plant in Puerto Rico and you are not only free from Federal in-

come taxes (they don't apply)—you can be exempt from *local* taxes too.

Your freedom from Federal taxes is *not* a concession. It stems from that historic American principle—no taxation without representation. Puerto Rico has no vote in Congress, therefore no Federal income taxes—corporate or personal.

As for your exemption from Puerto Rican income tax, this is an *added* incentive offered by the Commonwealth Government to attract the new industry that Puerto Rico's economy needs so urgently.

Constitutional guarantees

And here is another important point. Your business is protected by the Commonwealth Constitution and Courts—as well as by the law and Constitution of the United States.

To see how local tax concessions and complete freedom from Federal taxes might affect your own balance sheet, I earnestly draw your attention to the tax exemption tables shown below. I think you will agree the figures are impressive.

How about labor?

Puerto Rico's labor force totals about 650,000 of which close to 100,000 are still unemployed.

However, the Commonwealth is now operating an effective vocational training program, which will even screen

workers and teach them to operate your machines. The Puerto Rican worker's ability to learn new trades may be judged by some of the firms which have already started successful operations in Puerto Rico:

Union Carbide & Carbon, Remington Rand, St. Regis Paper, Beaunit Mills, International Latex, Carborundum Company, Shoe Corporation of America, United Drill and Tool, Sunbeam Electric, Univis Lens, Weston Electrical Instrument Company.

Remember, these companies and over four hundred more are now enjoying complete tax exemption in Puerto Rico. Surely, this is reason enough to investigate the whole project from *your* company's point of view.

Call our nearest office

New York MU-8-2960 579 5th Ave.
Chicago AN 3-4887 79 W. Monroe
Los Angeles WE 1-1225 5525 Wilshire

New 75-page illustrated booklet —free to manufacturers

Commonwealth of Puerto Rico
Economic Development Adm'n
579 Fifth Ave., New York 17, N. Y.
Dept. NB-72

Mail me "Facts for the Manufacturer" with information about my industry.

Name _____

Title _____

Company _____

Address _____

Product _____

Corporate Tax Exemption

If your net profit after U. S. Corporate Income Tax is:	Your net profit in Puerto Rico would be:
\$ 29,500	\$ 50,000
53,500	100,000
245,500	500,000
485,500	1,000,000

Dividend Tax Exemption*

If your income after U. S. Individual Income Tax is:	Your net income in Puerto Rico would be:
\$ 7,760	\$ 10,000
15,850	25,000
25,180	50,000
51,180	200,000

*Dividends are tax-free only if paid to residents of Puerto Rico by a tax-exempt corporation. Examples are based on Federal rates (Jan. 1, 1956) for single persons.

Making leadership effective

New findings show how organization can help or hinder executive action

RESEARCH now being conducted in the fields of company organization, communication, and leadership is leading to answers that may have a practical bearing on management practice.

Some general conclusions already reached are:

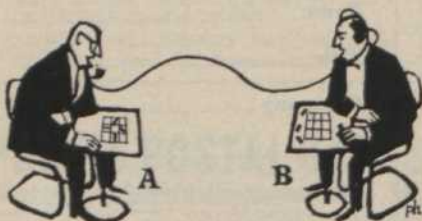
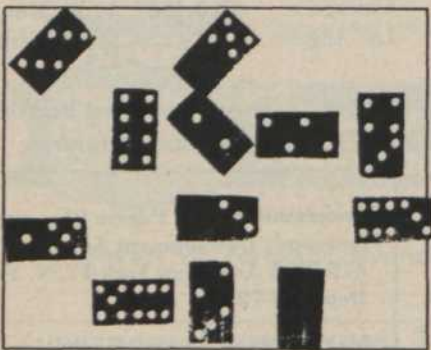
1. Effective leadership depends not only on personal traits, but also on the kind of organization in which the leadership is exercised.
2. A management's leadership resources can be seriously depleted by inappropriate distributions of leadership functions.
3. Inadequate organizational communications are often misperceived as personal inadequacies and useless efforts are made to treat the "symptom" by training, transfer and even terminations.

These conclusions are supported by experiments performed by Dr. Alex Bavelas, formerly Professor of Industrial Management at the Massachusetts Institute of Technology, and now at the Bell Telephone Laboratories in Murray Hill, New Jersey.

One of Dr. Bavelas' continuing interests is the basic nature of groups designed to share information and get results.

As an organization grows in size and complexity, certain management tasks become more and more difficult to do and do well. The tasks which become most difficult are those which deal with the coordination of functions that have been fragmented for reasons of specialization, economy, control, or, simply, tradition. These coordinative functions require the putting together of large numbers of facts, judgments, and opinions as a basis for the making of decisions.

Dr. Bavelas' experiments indicate that the inadequate performance of such information-processing groups is only partly explained by personal failures or unclear procedures. A large part of the trouble may lie in the "communication structure" within which the group must operate. A simple experiment carried out by Dr. Bavelas at MIT shows how important this may be in the relationship between two people.



One-way communication is a fizzle

Two persons sitting in separate rooms had the following task to perform: A had a drawing showing how a number of dominoes should be positioned on a piece of paper; B had the piece of paper and the dominoes to be positioned, but no "blueprint."

A was required to tell B over the telephone how to position the dominoes correctly. The experiment was done in three variations. In the first variation, the telephone connection was one-way: B could listen but not talk. In the second variation, B was allowed to respond only by pressing a "yes" and a "no" button. The third variation was a straight two-way telephone conversation, with both A and B able to talk freely.

The one-way system was a complete fizzle. The 20 pairs of men who worked in this variation all failed to complete the job. The men in the B position made a great variety of errors—standing the dominoes on each other, positioning them completely off the paper—and one subject blew up completely, brushing the dominoes off the table with a sweeping motion and a few well chosen words.

The other two variations produced some surprises. For one thing the “yes”-“no” and the full two-way communication were on a par as far as speed and accuracy were concerned.

In both variations, the men solved the problem successfully in about 15 to 20 minutes. The big difference was in their feelings about one another.

Players in the two-way communication system were confident about the correctness of their result and felt that the other man was a good partner: “a good man,” “smart as a whip.” The players in the “yes”-“no” variation had no confidence in their result: A would say, “I told him exactly what to do but there’s no way of telling what he did!” B would say, “I did exactly what he told me to do, but who knows how good the instructions were?”

More surprising, of the 20 pairs of men who worked in the “yes”-“no” variation, 39 men spontaneously made derogatory remarks to the interviewer about the personality and competence of the other man.

No one of the total of the 120 men involved in the experiment commented on the communication system itself, either favorably or otherwise.

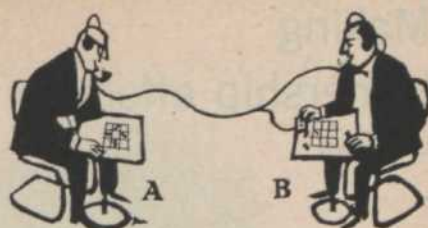
“When communications are inadequate,” Dr. Bavelas says, “the typical response is to blame the other person, not the form of organization or the communication facilities.” This finding strikes at the heart of many management and leadership problems, and indicates a quirk in the way most of us think. Consider a plant with a department that has been a trouble spot for some time—say, three men have been hired to head the department during the past seven years or so, and all of them failed.

It could be that this has happened because the workers in that department are a particularly surly and uncooperative lot. Or perhaps the pressure of production schedules affects that department more than other departments. Or something might be wrong with the hiring techniques of personnel officials. It could be any one of a dozen factors.

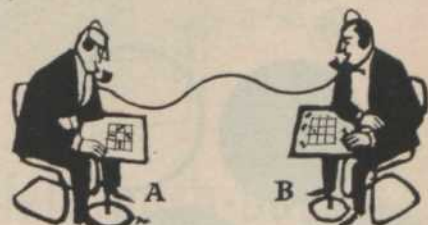
But it could also have a great deal to do with the way the department is organized and its relation to other company departments.

Of course, a two-person link represents an artificial and highly simplified situation. More elaborate tests have been conducted on groups of five persons. The problem is to discover how different kinds of organization influence ability to make effective decisions and handle different kinds of jobs. In these experiments the group sits around a special table, with partitions separating each person from his neighbors. There is no talking, but written messages may be passed through mailbox slots in the partitions. Here are two ways of organizing the groups:

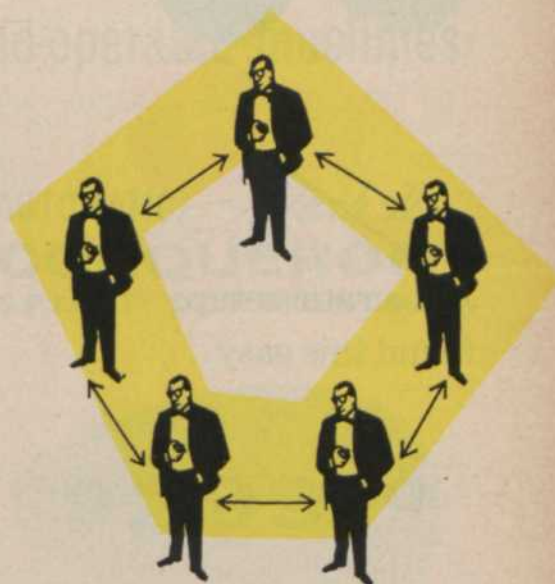
The lines in the patterns stand for two-way communication channels. In the circle group each man can pass messages in either direction through the partitions to his two neighbors, and the group is free to communicate all around the circle. In other words, nothing about the structure of the group favors one man over another as leader. Roughly speaking, this corresponds to a free-wheeling democratic organization. In the star group, however, one man is definitely in a key position. He can communicate with the other four persons and they can



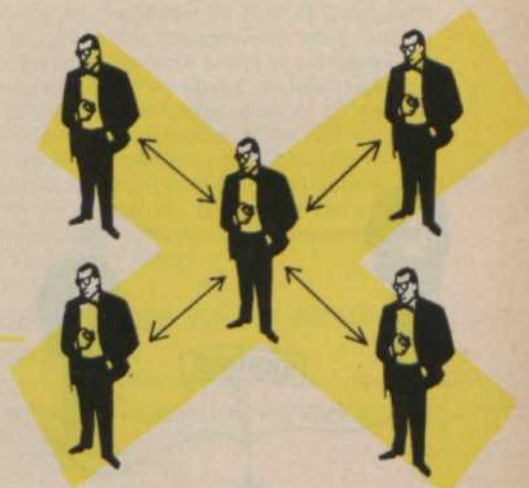
Button improved it



Two-way was best



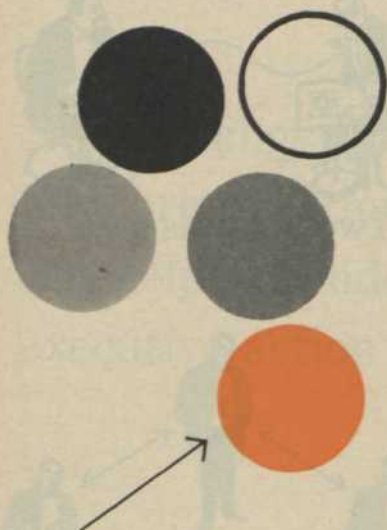
CIRCLE: Slow, but shines in a crisis



STAR: Loses speed advantage in unusual situations

Making leadership effective

continued



Autocratic setup found this easy

communicate with him, but not with each other. The group represents an autocratic setup with A acting as boss.

In one experiment, Dr. Bavelas gave sets of five marbles to each of five men. The marbles of each set had different colors—but one color was common to all sets. The problem: Every member of the group had to discover the common color. When that had been accomplished, the task was completed. It was the star or autocratic pattern of organization against the circle or democratic pattern.

The star group ran rings around its opponents. Its four subordinate members simply had to send messages describing their marbles to the leader. Then he noted the common color and sent the information back. In repeated trials the group arrived at correct answers in an average of about 30 to 40 seconds. The circle group took 60 to 90 seconds. Not only that but the star group used fewer messages, and developed more efficient systems for solving the problems. Individuals in the group also respected their communication system.

Only one thing was wrong—the matter of morale, again. Star-pattern individuals had a high opinion of their organization but, except for the leader, they had a low opinion of themselves. They felt unimportant and increasingly dissatisfied as they handled more and more problems. In fact, there were a few cases of out-and-out sabotage.

On one occasion the leader was startled to receive a message saying: "To hell with this game; let's play tick-tack-toe."

Other efforts to plague the leader included tearing up messages or writing them in French or Spanish. Still, on the whole, the group managed to produce and come up with the right answers faster.

One phrase sums up the performance of the circle group—"slow, inaccurate, but happy." It developed no system for solving problems and no one emerged consistently as leader. Each man was openly critical of the organization's efficiency, but enjoyed the tasks. There was no sabotage.

As far as performance went, the record is all in favor of the autocratic groups for this type of problem. The jobs can soon be boiled down to fixed rules. They correspond to business routines, such as checking inventories or making out standard production schedules. But after 15 trials when the groups had become accustomed to their work, Dr. Bavelas suddenly created an artificial emergency.

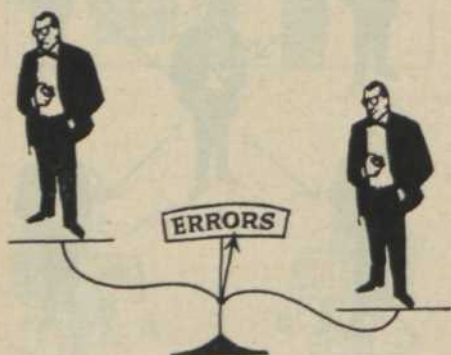
He changed the marbles. The original marbles had been simply one-color objects—red, green, yellow, and so on—readily distinguished from one another. This time the group received sets of streaky, mottled



marbles. The goal, as before, was to find out which marble all members of the group had in common. The new marbles required close observing to tell one from another and precise wording to describe the subtle differences in written messages.

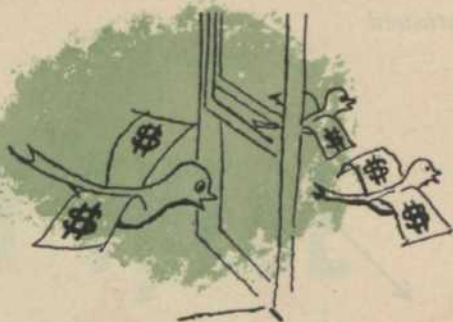
The new task completely confused both groups. At first errors mounted sharply and it took 10 minutes or more to solve the problems, when they were solved at all. But the circle group came into its own under emergency conditions. It revealed an unusual ability to adapt to a crisis and, after a further 15 trials, had recovered its bearings completely. Meanwhile the star group was still floundering and taking more than twice as much time as it had before (errors were three to four times more frequent).

These are only a few of many experiments involving a wide variety of problems. All of them confirm and extend the same general principles, and highlight the fact that no form of organization is ideal for



Balancing achievement and errors is big task

YOU CAN PAY MUCH MORE IF YOU WISH



but now Heyer offers push-button duplicating at little more than the price of some hand-operated machines



Heyer AUTOMATIC *Mark II*
CONQUEROR
SPIRIT DUPLICATOR

\$299.50
Plus Tax

Heyer has broken the price barrier with the new Mark II Conqueror automatic electric spirit duplicator. Every office duplicating job—bulletins, form letters, sales plans, etc.—can be produced much more easily on the new Model 76 Mark II Conqueror, at the rate of 110 clear, crisp copies per minute in 1 to 5 colors . . . at a fraction of a cent per copy. Its constant speed produces better and more uniform copies; it frees the operator so that the copies can be observed; and most important . . . there's no effort on the operator's part, for this new Conqueror runs without watching, and even turns off automatically! You can pay much more if you wish, but the Model 76 offers all this . . . at a price that can't be matched.

Engineering improvements on the Model 76 Mark II Conqueror include a brand-new Feed Drive Mechanism which works only in a forward motion . . . eliminates the lurch found in old-fashioned reciprocal drives. It has new High Precision Clutches and Nylon Gears that are quiet and need no lubrication, plus an 11" and 14" Cylinder Stop. The completely redesigned Motor Drive gives smoother operation, while the conveniently positioned Motor Bar permits effortless fingertip starting. Operating instructions are permanently printed on the Model 76, so anyone can operate it in a jiffy. Feature for feature . . . this Mark II Conqueror is the biggest value in spirit duplicators today!



MODEL 70 *Mark II*
CONQUEROR

For those who are looking for a fine quality duplicator at the lowest possible price . . . the hand-operated Model 70 Mark II Conqueror is the perfect buy. It has been completely redesigned too, and now features a new Feed Release Button as well as Paper Stackers, previously found only on the Model 76 automatic electric duplicator. The Model 70 Mark II Conqueror hand-operated duplicator prints up to 110 copies per minute of anything typed, written

or drawn on the master . . . in 1 to 5 colors at once. **\$195.00**
Plus Tax

The HEYER Corporation
1820 South Kostner Avenue, Chicago 23, Illinois

- ☐ Send additional information about the new Mark II Conqueror duplicators.
☐ Please arrange a demonstration.

NAME _____ POSITION _____

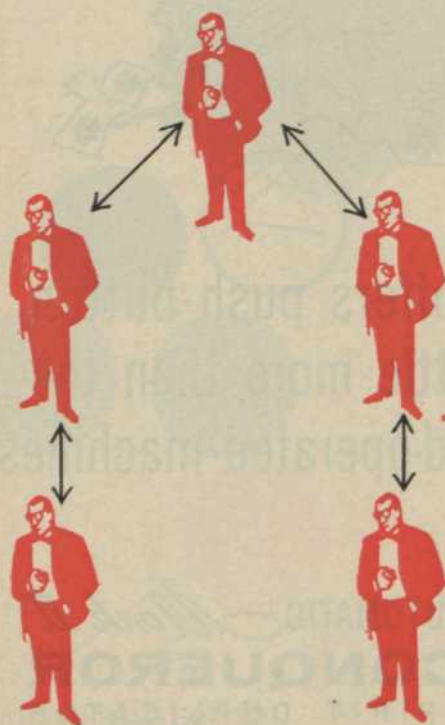
COMPANY _____

ADDRESS _____

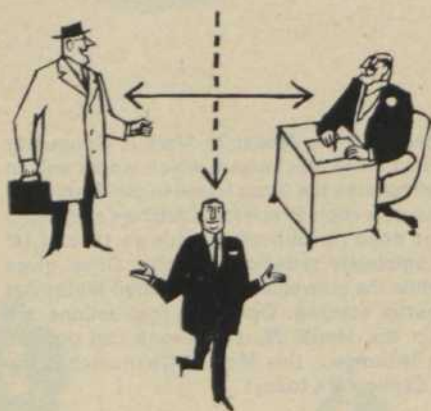
CITY _____ STATE _____

Making leadership effective

continued



CHAIN: errors dropped,
so did morale



Simple change reduced
mistakes 60 per cent

all circumstances. "A management system designed to reduce individual errors to a minimum calls for detailed instructions and rule books," Dr. Bavelas points out, "and you lose the possibility of high-order achievement. Achievement may be increased with more flexibility, but so are the errors."

One possible answer may be to alternate between two methods. One method, for example, might be designed to provide optimum performance under steady or unchanging conditions. The second might be designed to allow rapid and effective adjustment to continuous change. When things got hot, in other words, a shift to a less centralized pattern would be possible.

Whether such a combination would work in business and industry is a question that only more experience can answer. Dr. Bavelas is more interested in discovering "multipurpose" networks, networks representing a strategic balance of advantages and disadvantages. A somewhat higher rate of errors might be a small price to pay for good morale and the possibility of greater achievement. Many combinations of gains and losses are possible with different networks. Breaking one link in the circle pattern produces a "chain":

Tests show that this simple step may reduce errors by as much as 60 per cent. But it lowers morale also, which indicates the need for further research.

Current research hasn't advanced anywhere near the point where spectacular results can be achieved by simply analyzing management networks and making alterations. But Dr. Bavelas' work at M.I.T. involved consulting jobs for some 30 companies, and led to some significant results. For example, a tool-making company in the Middle West was handling more than 4,000 orders a month. Of these, from 100 to 150 were filled incorrectly.

In this case, a simple change made a big difference. A key sales executive in the field—low man in a three-man management totem pole—had to report to a subordinate who then relayed the information to another executive in charge of purchases. Allowing the sales executive to report directly to the top man in this particular chain of command reduced errors to fewer than 40 a month. The Bell Telephone investigator cites this example not to prove you can achieve miracles in any company—but to emphasize that communication networks play a leading role in all management problems.

Future experiments will be conducted with larger networks of eight to 16 persons, and over long periods. Among other things, a special study is scheduled to help discover what sort of organizations people will evolve on their own, on the basis of the tasks they have to do. The most important finding to date, however, is the fact that such problems can be investigated experimentally and that they involve fundamental laws of group behavior.

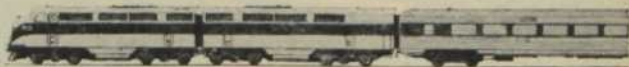
The moral is never to underestimate the importance of your organization chart. According to Dr. Bavelas: "Of course, deficiencies in an organization can be compensated by superior people acting as leaders. But it's nonsense to have a poor scheme to start with and then go out hunting for people who can work efficiently or be happy in it. We waste people's abilities by putting them in unsuitable executive environments. Geniuses are nice to have around but it is also nice to have an organization designed to avoid situations which only a genius can solve."—JOHN E. PFEIFFER

REPRINTS of "Making Leadership Effective" may be obtained for 15 cents a copy or \$11.25 per 100 postpaid, from Nation's Business, 1615 H Street, N.W., Washington 6, D.C. Please enclose remittance with order.

How permanent is "temporary"?

YOU STILL PAY THESE "TEMPORARY" TAXES ON TRANSPORTATION

10 % tax on passenger fares...



3 % tax on freight charges...



You should have relief from the burden of these
World War II taxes—now!

During World War II the Federal Government imposed special excise taxes on the passenger fares and freight charges you paid to railroads and other common carrier transportation. One reason for these special taxes was to discourage the use of these transportation facilities in wartime.

World War II is long since over but these taxes go on — and on. You are *still* paying them. On nearly all intercity tickets, they add an extra 10 per cent to the fare you pay. And as goods move through the processes of production and distribution, they add 3 per cent to the freight charges at every stage of the movement.

These burdensome and discriminatory taxes are still discouraging the use of our public transportation systems. And by so doing, these taxes are weakening our public carriers—essential to peacetime commerce and vital to national defense.

ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.



ASSOCIATION OF
AMERICAN RAILROADS
WASHINGTON, D. C.

Is it habit-forming?

Is the National Chamber's Annual Meeting habit-forming?

Yes, it is.

That's the reason you see so many of the same people back again year after year.

Business leaders and organization executives from all parts of the country have formed the habit of coming to Washington each spring to attend this big and important event.

They like it.

They are highly enthusiastic about it.

These people are successful people. They are imaginative, alert—impatient of the commonplace. They like the National Chamber's Annual Meeting, because it is colorful, interesting, exciting, thought-provoking.

These people are busy people. They like the National Chamber's Annual Meeting, because—as an investment in time—it pays them solid dividends. It gives them dependable information they need and want. It gives them ideas they can adapt and use.

It gives them perspective. It gives them a lift.

The National Chamber's 45th Annual Meeting will be held in Washington, April 28 through May 1.

It will give you information and perspective you can use. It will give you a clear, well-rounded, firsthand picture of what is happening in government and in business—and of what's ahead.

Speakers will include America's foremost business and political leaders. You will have opportunity not only to listen, but also to take part in the discussions in the various workshops and forums.

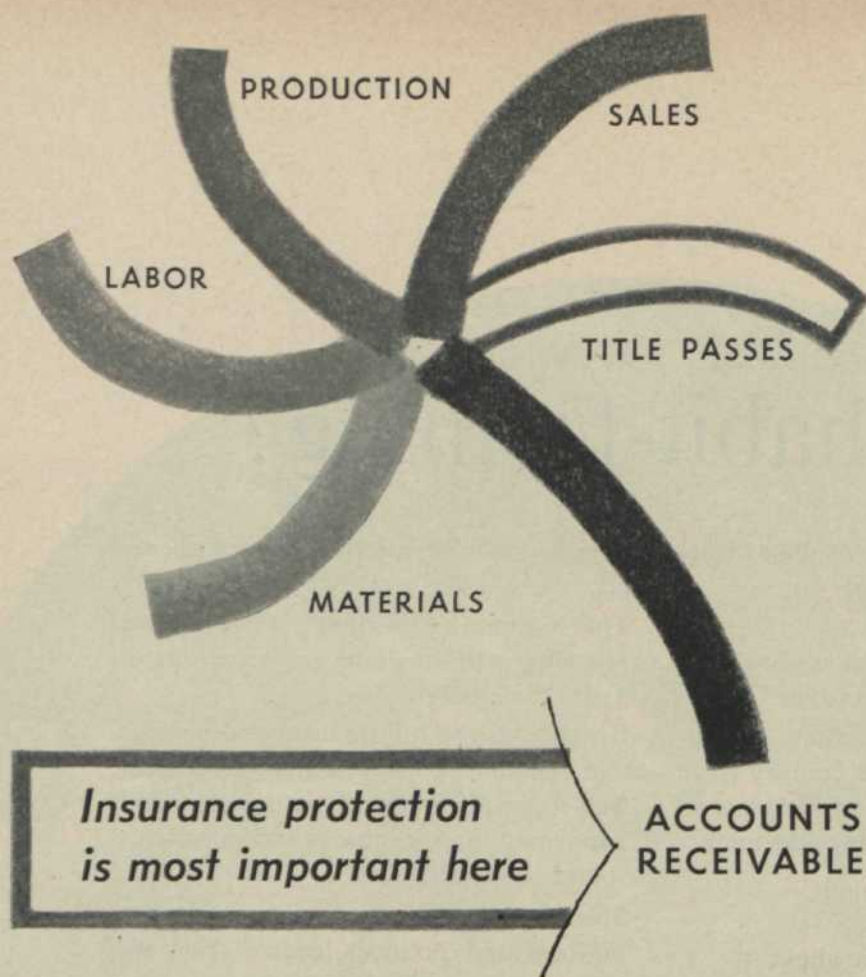
In addition, you will have opportunity to help the organized business movement make its basic plans and set its course of action for the coming year.

For further information—and for a list of those in your community who are planning to attend—get in touch with your local or state chamber of commerce, or trade association. Or write us.

CHAMBER OF COMMERCE OF THE UNITED STATES

WASHINGTON 6, D. C.

Working Creatively for the Good of Business and
for the Greater Good of All



Your cycle of protection is not complete unless accounts receivable are insured

You pass title of your working capital when merchandise is shipped—you create an account receivable. You're more certain of the end result—PROFIT—when you protect accounts receivable with Credit Insurance. That's why an increasing number of executives have decided that NO cycle of protection is complete unless capital invested in accounts receivable is insured by ACI. To learn more about Credit Insurance, call our office in your city, or write AMERICAN CREDIT INDEMNITY COMPANY of New York, Dept. 41, Commercial Credit Building, Baltimore 2, Maryland.

Liquidity of capital is the prime responsibility of management.

Protect your working capital invested in accounts receivable with

**American
Credit
Insurance**

PRESIDENT

continued from page 35

spokesman for the conservative viewpoint as Mr. Humphrey.

Even if Mr. Humphrey remains throughout the second term, however, it is fairly obvious that his influence in Administration councils has somewhat diminished since the early weeks of the first term when the Cabinet took up the question of removing wage and price controls inherited from the Truman Administration. Many arguments had been voiced, with Mr. Humphrey demanding immediate decontrol.

Mr. Eisenhower decided to decontrol. He made no bones about the fact that this decision was based almost wholly on Mr. Humphrey's advice. As the Cabinet separated, Mr. Eisenhower clapped his Treasury Secretary on the shoulder and said: "George, I hope to heaven you know what we are doing."

When Mr. Humphrey and other strong conservatives of the first term Cabinet, such as Defense Secretary



1953: leaned on advisers

Charles E. Wilson, return to private life, Mr. Eisenhower can be expected to choose as their replacements young men who are identified with "modern Republicanism."

This has already happened in the few but significant changes in the "team" which took place toward the close of the first term. Mrs. Oveta Culp Hobby was succeeded by Marion E. Folsom as Secretary of Health, Education and Welfare. Douglas McKay was replaced by Fred Seaton as Secretary of the Interior. In both instances, a right-wing Republican was followed in the Cabinet by a man of considerably different views.

This trend is also evident in the fact that Secretary of Labor James P. Mitchell and Attorney General Herbert Brownell, both "modern" Republicans, are now rated among the most influential members of the Cabinet. Secretary of Commerce

Sinclair Weeks and Postmaster General Arthur E. Summerfield, identified with the GOP Old Guard, are regarded by Washington reporters as among the least influential.

Within the President's immediate circle of personal advisers and White House aides, no major changes are now in sight. But this circle is already heavily freighted with apostles of "modern Republicanism."

It includes the President's brother, Milton, who probably is his closest single adviser; Sherman Adams, who is not merely the executive administrator he is sometimes pictured, but also an important influence on policy; Vice President Richard M. Nixon, who has been moving steadily away from conservatism as 1960 approaches; Gabriel Hauge, the presidential economic adviser whose views on such questions as what the government should do to guard against a business slump seem to carry more weight than Mr. Humphrey's; Dr. Arthur Burns, former economic adviser now in private life but still close to the President, and a man of like mind as Mr. Hauge; and



WIDE WORLD

Ike today: "I make the decisions"

Gen. Alfred M. Gruenther, whom the President frequently consults on international and military affairs.

It is characteristic of Mr. Eisenhower to seek as many points of view as possible on a proposal before reaching a decision. And he undoubtedly will continue hearing the business viewpoint.

This viewpoint, and many others, will be consulted on Administration policy during the next four years. Officials close to the President consider it is ridiculous to talk about a "shrinking" inner circle. One says:

"The boss never really lets go of a man. Once you have worked for him, and earned his confidence, he'll keep pulling you back for special jobs or at least for consultation even after you return to private life."

But the man who will make the decisions is Dwight D. Eisenhower.

—LOUIS CASSELS



"I'm tempted... to get a postage meter!"

Am I burning! The boss gives me a last-minute rush mail to get out, the office stamp box runs dry... and I'm stuck at the stamp window at 5:15—with a 5:30 date! Tomorrow we get a postage meter and cut down these treks to the postoffice!

Now any office can have a postage meter and all the convenience of metered mail... with the little DM, a desk model, that gets rid of lick-and-stick mailing, saves time and postage. One user in three spends an average of less than \$1 a day in postage!

And anyone can use a DM. Just insert the envelope, dial any amount of postage needed, press the lever, and the postage is printed. With a dated postmark that helps speed your mail through the postoffice, often

catching earlier trains and planes.

It also prints your own small ad, if you want one, alongside the meter stamp. Provides postage for parcel post on special gummed tape. Even has a moistener for sealing envelopes!

The meter is set by your postoffice for as much postage as you want to buy. Your postage is safe from loss, damage, misuse—and automatically accounted for on visible registers.

There's a postage meter for every office, large or small. Ask the nearest Pitney-Bowes office to show you. Or send the coupon for free illustrated booklet.

FREE: Handy desk or wall chart of Postal Rates, with parcel post map and zone finder.



PITNEY-BOWES
**Postage
Meter**

Offices in 101 cities
in the U. S. and Canada

PITNEY-BOWES, INC.
1336 Pacific Street
Stamford, Conn.

Send free ☐ booklet, ☐ Postal Rate Chart to:

Name _____

Address _____



Talent hunt

Company recruiters are flocking to the campuses today in search of prospective employes. Here at Georgia Tech for two days' interviewing, Robert Lonsbury (left) American Brake Shoe Co., meets rival Humble Oil recruiters as Dean Fred Ajax looks on. Lonsbury sees students, describes company, talks with each candidate 20 minutes, answers questions on opportunities.

He gives John E. Mercer the pitch



What Jess M. Carroll is looking for



Norman L. Morse is management student



Ted H. Cook is making his point



methods that win

Employers should know
the answers to five
questions to compete
for today's college men

MEMO TO EMPLOYERS: Competition to hire college graduates will be stiffer than ever this year. Companies want 32 per cent more degree men than last year. Colleges will turn out only six per cent more. The pinch will be on until the early 1960's.

Even if your company doesn't scout the campuses, your payroll could feel the effect of today's going rates. Rising pay for college graduates will tend to tug up on salary and wage levels all along the line. Also present employees sometimes resent the fact that young, inexperienced men are starting at salaries it took older employees many years to earn.

As the hunt for educated manpower nears the peak season, about 8,000 firms will be visiting the nation's campuses in search of the bright youngsters they hope will be their future executives. Some companies are finding new ways to bag the graduates they need. Many more firms are missing the mark.

In such fierce competition, businesses that know the answers to these questions will do best:

1. What salaries will be offered this spring?
2. What do graduating seniors look for in a company and a job?
3. How do successful recruiters operate?
4. What questionable practices—among both businesses and students—are in vogue?
5. How are colleges clamping down on sharp recruiting?

The answers come from personnel men and college placement experts. Their concern about problems and

practices was voiced at a National Industrial Conference Board session recently.

"The squeeze is on, and it will be with us for some years," said Randall B. Hamrick, president of Eastern Personnel Service.

"In a healthy economy, the supply of graduates won't catch up with demand any time soon," commented Frank S. Endicott, director of placement at Northwestern University and president of the Midwest College Placement Association.

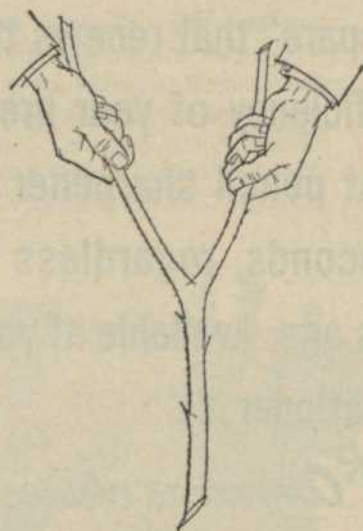
A few companies resort to "extreme pressures and even unethical practices" to get graduates, according to Donald S. Bridgman, director of college relations, American Telephone and Telegraph Company.

College graduates of today were the babies of depression years, an era of comparatively few births. Though college enrollments are expected to double by 1970, authorities say it will be the early 1960's before the shortage of educated youth eases. Even then demand will be heavy. Business has found the college man is worth his salt. In addition, automation is creating jobs that only the technically trained can fill.

Dr. Endicott, who makes an annual survey of 200 companies to determine college graduate hiring trends, reports that companies which track the campuses will seek 35 per cent more engineers and other technical men this year than last and 30 per cent more nontechnical graduates. Schools will graduate only about two per cent more engineers and about six per cent more of all other students this year over last.

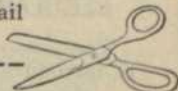
From the 200 companies sampled, 900 recruiters will scour an average of 52 colleges per company. Altogether, representatives from about

Looking for
new construction
business?



Throw away
the divining
rod... Pick up
the scissors!

Clip this coupon below. It will lead you straight to your best source of construction information... Dodge Reports, of course. You'll get an explanation of how this accurate, up-to-the-minute building news service can work for you... how it pinpoints your prospects... tells you what's going to be built, when and where... tells you whom to contact and when bids are wanted. Dodge Reports give you what you need to know to get more business—simply, economically, and early! So mail the coupon today.



F. W. Dodge Corporation, Construction News Division
Dept. X2, 119 West 40th Street, N. Y. 18, N. Y.
I want to know how to get more new construction business... please let me see some typical Dodge Reports for my area. I am interested in the markets checked below.

- ☐ House Construction ☐ General Building
☐ Engineering Projects (Heavy Construction)

Area _____
Name _____
Company _____
Address _____
City _____ Zone _____ State _____


Dodge Reports
For Timed Selling to the Construction Industry

A point to remember*...

Apsco's complete cutter head assembly is a handy "spare" that renews the efficiency of your present pencil sharpener in seconds, regardless of its age. Available at your stationer...

**America's choice!*



Apsco products inc.

Los Angeles, Cal Rockford, Ill. Toronto, Can.

**FREE to the
hard-of-hearing!**

REGULAR \$2.00 VALUE

Free one-year subscription
to introduce the new magazine
about hearing problems

The publishers of *Better Hearing Magazine* want you to discover the inspiration of reading how others have found happiness and success by solving their hearing problems. Invaluable to anyone who wears, or should wear, a hearing aid. (Many think they need a hearing aid and find they don't.) Already nearly a million readers. To receive free subscription, send name and address of hard-of-hearing person to: Editor, *Better Hearing Magazine*, Dept. 86P, 445 Park Ave., New York 22, N.Y. No charge, no obligation to renew.

PHOTOS
ONE OR A
MILLION

24 HOUR SERVICE
**YOU CAN'T BUY A BETTER
PHOTO AT ANY PRICE!**
FREE DELIVERY ANYWHERE IN U.S.

Write or Phone
For Complete Price List
HO 7-6179
Q **QUANTITY PHOTOS, Inc.**
THE LARGEST PHOTO REPRODUCTION PLANT IN THE WEST

1000 8x10 Glossies 7c ea.
Postcards from \$21 per M.
5509 SUNSET BLVD.
HOLLYWOOD 28, CALIF.



A chat over steaks helps keep relations friendly between company and students. Robert Lonsbury (right), American Brake Shoe Co., dines company's scholarship men, Nicholas A. Martellotto (left) and Dale F. Henson. Scholarship boys often hold summer jobs in company

TALENT HUNT METHODS *continued*

8,000 companies will contact schools this year. Some will interview hundreds of students on scores of campuses. Others will be in touch only with the state or local college.

What salaries will be offered?

Starting rates for sought-after degree men in 1957 will edge well above last year, the survey of 200 companies found. The price tag for engineers will average at least \$433 a month to start; accounting, \$389; sales, \$385; general business trainees, \$382; other fields, \$401. The average for all fields: more than \$400 a month to begin. That's double the beginning salary offered college graduates a decade ago. It's about \$15 a month more than was offered last year.

Some top seniors with the most potential will be able to demand even fatter starting salaries. And some companies will find ways to jack the pay above their going rate as special inducement to the men they want most. Firms have paid extra for such alleged reasons as scholastic grades above C, a pleasing personality and, as one official exaggerated, "because a boy had red hair."

What do graduates look for?

Dr. Endicott's studies of attitudes and reactions of graduating seniors reveal how they size up a prospective employer. In order of importance, here's what they look for in a company.

- ▶ The general reputation of a company in its field.
- ▶ The recent growth pattern of the firm. They figure expansion means increased opportunity.
- ▶ The type of business the company is in. Depending on general impres-

sions gathered from family and friends, some types of business rate higher than others.

▶ The size of a company. It's not true that most men want to go with the biggest concerns.

▶ Location of the company in an area where the man wants to live.

These factors seem most important in a job:

▶ The nature of the work and the chance to apply abilities.

▶ The opportunity for growth, advancement and responsibility with assurance of genuine interest in the employee as an individual.

▶ A planned training program to help him qualify for promotion.

▶ An adequate salary.

▶ Location where he wants to live.

▶ Security in the form of pension and benefits.

A study of University of Michigan Business School graduates in 1955 and 1956 turned up some of the same drawing cards. In order of attraction to the students were: interest and sincerity shown by company representatives and executives, opportunities for advancement, type of work offered, salary, location of the plant and reputation of the industry.

On most studies of what graduates want in a job, salary ranks third or fourth, according to Dr. Endicott. Possibly this is related to the fact that recruiting companies sampled by Dr. Endicott that kept their salaries steady bagged more graduates than companies that hiked their pay offers after the recruiting season began last year.

How do successful recruiters operate?

The company representative who

scouts and interviews is of great importance. His personality, talents and success, of course, have much to do with supplying his firm's future management and technical competence. Some firms, in addition, are finding that amateur recruiters in the form of junior executives can return to campuses as alumni on party weekends, mix with students and successfully build up their companies in the eyes of seniors and professors.

Here, for instance, is how American Brake Shoe Company recruits. It has 10,500 employees, operates in 17 states and goes to colleges all over the country. Last year it interviewed 500 students, hired 20 of 48 it wanted.

"We have to produce or else," says Robert B. Parker, assistant to the president for personnel. "We send promotional data books to placement offices, make recruiting dates 12 months in advance and give a concise statement of needs, chances for advancement and salaries. We're looking for all-around boys, not the top 10 per cent in the class."

The interviewer should know his company's products and training methods and make the student realize the company is interested in him, says Mr. Parker. "Let the boy do the talking. Don't glamorize the job. Be honest. The boys check up with each other on what you tell them. Make sure the student knows what the next step is after the interview. We don't hire on the campus, just screen. We hire at the office and confirm it in writing. When the boy comes to our office, we assign a trainee to him. We have him itemize his expense account."

Mr. Parker maintains, "Alumni in our company are our most useful tools." They go to their colleges on homecoming weekends, talk to friends and faculty and "give an ungarnished opinion of the company and build up enthusiasm. The fraternity brother approach at a Saturday night beer party isn't unethical."

As for salary, he says, his company rate is offered and after the graduate's decision to come with the company is made, "we raise the rate in some cases so he won't lose out in any increase that might come by the time he starts work."

In some of the small liberal arts colleges, "the grass is a little greener," according to Mr. Parker. "The large companies sometimes haven't been there. And you can give boys hired from these schools specialized technical training after they come to work."

American Brake Shoe also has a scholarship program. Students getting scholarships are picked in the

WHIPS ACCOUNTING COSTS

Fast, accurate, automatic, with front-feed carriage and other big-machine features, the Burroughs Director Accounting Machine saves time, gives you timely business figures when you need them . . . at a price small businesses can afford. See it today at our nearest branch. Burroughs Corporation, Detroit 32, Michigan.

LOW AS
\$6⁷⁵

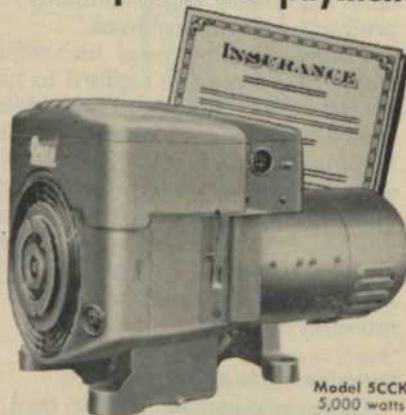


"Burroughs"—Reg. TM.



BURROUGHS DIRECTOR ACCOUNTING MACHINES

**Lifetime insurance
against power outages
for one "premium" payment**



ONAN Emergency Electric Plants

Protect you against losses and hardships. An Onan gasoline-engine-driven electric plant supplies current for lights, furnace, water pump, stove, refrigerator, freezer, radio . . . all essential home uses. You hardly know power's off. 500 to 75,000-watt models provide same insurance for farms, business, industry . . . or furnish electric power where it is not otherwise available.

Find out how little it costs! Write!



D. W. ONAN & SONS INC.

3621 Univ. Ave. S. E., Minneapolis 14, Minn.

HOW \$6 STARTED ME ON THE ROAD TO \$10,000 A YEAR

By a Wall Street Journal
Subscriber

"Not long ago I picked up The Wall Street Journal in a railroad club car. I was amazed. I expected dull reading. Instead I found some of the best articles I ever read.

"I sent \$6 for a trial subscription. For the first time in my life I understand why some men get ahead while others stay behind. The reports in The Journal come to me DAILY. I get quick warning of any new trend affecting my income. I get the facts in time to protect my interest or make a profit. The Journal started me on the road to \$10,000 a year."

This story is typical. The Journal is a wonderful aid to men making \$7,000 to \$20,000 a year. To assure speedy delivery to you anywhere in U. S., The Journal is printed daily in five cities—New York, Washington, Chicago, Dallas and San Francisco.

The Wall Street Journal has the largest staff of writers on business and finance. It costs \$20 a year, but in order to acquaint you with The Journal, we make this offer: You can get a Trial Subscription for 3 months for \$6. Just send this ad with check for \$6. Or tell us to bill you. Address: The Wall Street Journal, 44 Broad St., New York 4, N. Y.

NB-3

are you a good housekeeper?



For good business housekeeping is largely a matter of good File-keeping.

Scatteration filing has no place here. The best practice is to use Accopress Binders and Accobind Folders to keep all your papers in order—safely filed, neatly filed, ready to find. Acco filed papers are *bound* papers—the *only* system that insures safety, saves time, space, and money.

Ask your stationer to show you the advantages of Acco-Binding—the easier, sure way to good business housekeeping.

ACCO PRODUCTS, Inc.

Ogdensburg, N. Y.

In Canada: Acco Canadian Co., Ltd., Toronto

LISTO

MARKING PENCIL

**writes on
everything!**

Makes a clear, bold
mark on any surface!

REFILLS in black,
red, blue, yellow,
green, and white

15¢



27¢



at variety and

stationery stores everywhere

LISTO PENCIL CORPORATION, ALAMEDA, CALIFORNIA

"BUY THESE 8 LOW-PRICED STOCKS NOW"...

High percentage gains in good low-priced stocks when properly timed! "Buy these 8 low-priced stocks now," S&P says in Poor's Investment Advisory Survey.

For your copy plus next 3 issues featuring buy, hold, sell, switch recommendations on 68 closely-watched stocks, send \$1 with this ad, your name, address to world's largest investment advisory organization: (New Readers only, Clients Covered.)

STANDARD & POOR'S CORPORATION
345 HUDSON STREET, NEW YORK 14, N. Y.

A316-173



Back in hotel room at midnight, Recruiter Lonsbury screens resumes of students he has seen. Next day he's off again to another college. Average campus stay: two days. In tight spring schedule he hops to such schools as Harvard, Dartmouth, M.I.T., Yale, Columbia, University of Michigan, Cornell, Princeton, Northwestern, Penn State, University of Alabama, Lehigh

TALENT HUNT METHODS *continued*

last of the sophomore year. "We get to know the boys in their last two years. They visit our plants regularly and we give them summer employment whenever possible," Mr. Parker said.

General Electric Company has cemented friendly relations between company and colleges by hiring engineering teachers during summer months. "We brought 167 of them in last year," says Maynard M. Boring, consultant on engineering manpower with GE. "Giving them summer jobs provides the money to keep them in teaching and you have faculty members who know your company, its products and its problems."

Companies that need technically educated people can't afford to turn up their noses at women graduates, says Mr. Boring. "I hired a cute little blonde down in Alabama who was with us for five years before she got married. She left us with five basic patents. She paid her way. I've recruited at Negro colleges, too," he added. "Let's not overlook brains in minority groups."

Questionable practices

Some companies on the trail of college-trained recruits resort to high pressure tactics to dazzle and sign up youngsters.

One firm instructed its recruiters: "We prefer that you use ethical practices, but we need 25 engineers."

Practices such as putting a senior on the company payroll before he graduates, inviting employee prospects to lush weekend parties, giving paid vacations before work begins, and allowing overgenerous accounts to pay for the move from college to the job are making placement officials fret.

"In these critical years," warns Mr. Bridgman, "We cannot afford to

develop in these young men and women other than high standards of business conduct and the most effective use of their talents in the type of work for which they are best fitted."

"It's the friendliness and sincerity of the individual interviewer and his interests in the student's best placement which are the deciding factors in his choice of a job. High pressure sales tactics are likely to defeat themselves," Mr. Bridgman insists.

Heavy pressure brings such typical student comments as: "They tried to impress me with what a red hot company it is." "They're too much like body snatchers." "It looks like they're trying to get as many as possible rather than quality men."

Not all students are blameless either in this national chase for talent. Stories are told of graduates who have visited several companies in the same area and collected full expenses from each. One student, who was offered an advance payment to work for a company, told friends he wasn't really interested, but he "sure could use the money." He wondered "how long I'd be obligated to stay if I accept the offer."

How are colleges clamping down?

Lures and gimmicks on both sides of the interviewing table have spread worry through placement associations, industry organizations and individual companies. Some schools are tightening up on their hospitality, limiting the number of visiting interviewers, refusing to accept appointments too far in advance.

The Midwest College Association, made up of 100 colleges and 400 businesses, is one of the organizations that recently adopted a code of recommended recruiting practices. "We don't want to put blocks in industry's path," says its president,

"But we have had to make some ground rules. As pressures mount we will probably have to make more."

For employers: The association's code says that companies should contact colleges early so interviews can be arranged in orderly fashion and campuses won't be swamped with recruiters; placement offices should get carbons of correspondence between companies and students; students should have ample time to consider offers; company representatives shouldn't gang up on students in interviews; special payments and salary arrangements that aren't part of the firm's salary program shouldn't be held out to students; gifts and bonuses the graduate hasn't worked for are "basically wrong"; not honoring offers which have been accepted is "bad practice."

For colleges: Placement offices and faculties should send companies data on graduates as soon as possible; the number of interviews shouldn't be restricted except for "indiscriminate or general shopping"; placement offices should make known to students the organizations that will visit the school; faculty should not "use undue influence" on students in picking a job.

For students: Registration with placement bureaus should be early; students should read company information, analyze their own interests and abilities and think out their career objectives, dress as prospective employees, reply promptly to company correspondence, accept plant invitations only when they have "sincere interest," keep a file on interviews, evaluate before deciding, charge only itemized expenses that apply to particular companies visited and cancel other interviews if an offer has been accepted.

In this graduate-sparse period, business and schools are facing a number of other problems. The 200 companies surveyed by Dr. Endicott list these factors as obstacles to recruiting:

College professors need more understanding of "our type of business." The quality of many applicants is "below our standard." The company is not well known on the campus. Too many seniors haven't decided yet what they want to do. There's inadequate vocational counseling. Literature on the company is inadequate for colleges to use. Location of offices or plants is a handicap. Facilities for interviewing at the college are inadequate.

Businessmen know they can't eliminate the shortage, but they are realizing that many of their problems can be relieved as they improve at recruiting and cement their relations with the colleges.

END

• BANKRUPT • CLOSEOUT • SURPLUS • JOB LOTS

MERCHANDISE BARGAINS! TOYS, NOVELTIES, JEWELRY, MACHINERY, TOOLS, COSMETICS, APPLIANCES, GREETING CARDS, INDUSTRIAL MATERIALS, ETC.

Often As Low As 10-25c On The Retail Dollar!

"Bargains" is The Only Big Tabloid Publication in Existence That Tells You EVERY MONTH—Where and How—

A few samples of the Bargains usually found in "BARGAINS."

- Hard cover books, 4c
 - PENCILS, 57 1/2c per gross!
 - D.E. Razor blades, \$1.50 per 1000!
 - \$200.00 Surplus Typewriters, \$23.00!
 - 50c Everyday cards, 7 1/2c box!
 - \$1.00 Automatic card shufflers, 9c
 - New Phonograph records, 7c each.
 - \$39.00 Encyclopedia sets, \$3.75!
 - \$1.95 Men's silk ties, 12 1/2c
- PLUS HUNDREDS OF OTHERS!**

- To buy Bankrupt, Closeout, Surplus Bargains!
- To buy Items at Wholesale! Below Wholesale!
- To Buy New & Unusual Items!

Just one issue of this sensational publication can save or earn you more money than the cost for the entire subscription! Each issue carries hundreds of bargain offers, sometimes so extraordinary that it's hard to believe that they're genuine!

BUY CHEAP—SELL CHEAP

Thousands of smart salesmen, retailers, businessmen, opportunity seekers subscribe to Bargains. They want to know Where to buy cheap to sell at low prices for Fantastic profits. No reason why you can't do the same! Special articles tell you how to sell... Everybody is looking for Bargains these days. Only publication of its kind. Available by subscription only! **JUST \$2.00 PER YEAR!** Reg. price \$3.00. Special offer gives you 12 big issues for \$2.00 including the big 1956 Christmas Special Issues!

Your Money Back in Full if the First Issue Doesn't please you!

How can you lose? No offer can be more fair than this: Your money back in full if first issue you receive doesn't please you!

Here's What Subscribers Say!

"... As a result of answering one of the ads (in Bargains) it has resulted in extra profits of \$40.00 and upwards per month." J. H. Alabama.

"... I think BARGAINS is the best merchandise publication I have ever seen, (and I have seen hundreds)." S.P.C., Brooklyn, N.Y.

"... Saw your wonderful paper and enjoyed every bit of its reading and adv. It's a great paper." M.S., Vermont.

PLUS MANY OTHERS!

(Every one of these letters were unsolicited.)

TOWER PRESS, INC.

Box 591-SE

Lynn, Mass.

Tower Press, Inc., Box 591-SE, Lynn, Mass.

Rush me 12 issues of BARGAINS. Here's my \$2.00!

Name.....

Address.....

City..... State.....

Remember! Your money back if the first issue you receive doesn't please you!



Site Facts: Colorful, Industrial Colorado has the labor, power, water, transportation, resources and markets to meet your site requirements...PLUS the exclusive bonus of Pleasant Living in America's climate capital!

Documented facts are offered for your study. Write for free, revised-to-the-minute analysis, "Industrial Colorado."

COLORADO

DEPARTMENT OF DEVELOPMENT
10 State Capitol
Denver 2, Colorado



PL...a product of Colorado Climate



Good news for users of tape

Here's the latest idea in sealing cartons... the DIAL-TAPER. You dial the length of tape and the DIAL-TAPER does the rest automatically... measures tape accurately, moistens tape with warm water and cuts off clean.

Users report "up to 50% saving in TIME, 25% saving in TAPE, plus stronger, neater package. Tape sticks tight with one pass of the hands." Used by U. S. Government, Ford, General Electric, all types of business.

For free booklet DT-5 write to Marsh Stencil Machine Company, Belleville 72, Illinois.

T-23



Executive Trends

Gone, and soon forgotten, is the business that failed to withstand the squeeze between today's sky-rocketing costs and increasing competition.

And so many died needlessly. For there exists in virtually every organization a positive means of cutting costs . . . actually a vast, untapped source of increased profits. It is the human will to work.

The mining of this vast reserve of profitable productivity has been the business of the Sheldon-Claire Company since 1917. By giving management the tools to work with, together with a positive guide for their use, Sheldon-Claire has obtained demonstrable results in thousands of businesses. The 73% of Sheldon-Claire's annual sales volume that is repeat business attests to this.

Company size is not a factor. Many Sheldon-Claire customers employ fewer than 20 people, yet others, like DuPont and G.E., employ thousands. The cost is less than the price of one cup of coffee per week per employee.



New Manual outlines plan... is available to men of management

This book tells the complete story of the Sheldon-Claire plan — exactly what it is, how it works, and what it will do for you.

Ask your secretary to attach this coupon to your letterhead and we will be pleased to send you a copy.

THE SHELDON-CLAIRE COMPANY
540 N. Lake Shore Drive
Chicago 11, Ill.

Attn: Mr. J. C. Marshall Jr.

Please send me without cost your Management Manual "Profitable Productivity".

Name _____

Position _____

Firm _____

Address _____

City _____ Zone _____ State _____

Who are your magic men?

The continuing shortage of executive talent puts a premium on men with natural ability to lead. One industrial research director calls them the magic men of a company. They're shadow bosses, rank-and-filers other workers look up to; men who seize the initiative in solving work problems, shape opinion and work drive, influence morale. They're comers.

Identify these men early or you may lose them. The loss might be intracompany or intercompany. One manager says he worries less about manpower competition from other firms than from other departments of his own company.

You'll hear more about natural leaders

In coming months debate over what constitutes a natural leader will intensify in management circles. One eastern university is launching a pioneering study of what makes successful industrial leaders tick; will try to evolve a yardstick for use in measuring executive prospects.

Definitions of natural leaders are numerous, sometimes conflicting. One management expert says he ranks integrity and sympathetic understanding as top qualities of natural leaders. Another says drive . . . the ambition to get ahead, is the paramount ingredient.

Training will be crucial in future

That's inevitable outgrowth of mounting competition for managerial talent. It means many concerns will have to ask: Are present training programs producing men of leadership caliber? And—are the programs attractive to young men already in the organization and those who might join it?

This reappraisal is vital because recent surveys and the consensus of industry and business is that a good training program rates as high, if not higher, than alluring starting pay as a requirement of younger, qualified men: they see it as the key to their future.

Executive manpower shortage will continue

Facts show hunger for executive talent in most categories of industry, most heavily populated industrial centers. Aircraft and electronics fields are feeling pinch the hardest. But other industries are hard-hit, too. If yours is one of them you'll be spending heavily in coming months to recruit talent, and you should be combing manpower you already have to find your promotables . . . when and where you can move them up.

Factors that insure continued shortage are nation's steady over-all economic growth and expansion of business to meet increasing demand. Increasing complexity of industry is another factor.

Should shortage be cause for alarm?

Dr. Eugene E. Jennings, associate professor of general business at Michigan State University, and management authority, says:

"The tremendous growth of companies through technological advance is not being matched by a sufficient supply of high-level men to run the complicated business structure." In long run, he says, shortages of managerial manpower may account for business fluctuations. In short: Our business growth could be slowed by a shortage of guiding genius at the top.

Awareness of this fact has reached crisis proportions in at least one large firm. Result: A vice president has been detached from all other duties and assigned to crash-program task of lining up qualified people for future leadership responsibility. Fact that your managerial posts are now filled is no sign you'll be ready for future. You have to consider attrition through death, retirement, firings, changes of job.

Price tag on manpower will rise

This appears certain... as certain as progressive increases in the cost of materials. Campus recruiting is a straw in the wind. Starting salaries offered to graduates are increasing steadily... in some cases to unrealistic heights.

Shortage, rising price of manpower will heighten need for code of ethics in recruiting, a toning-down of extravagant offers, overtures to unproven youngsters. Also, watch for repercussions from older workers who feel the college kids are being coddled at their expense.

Ahead: more furor over engineers

Efforts have been made to explode the engineer shortage, to stamp it as myth, but a check with leading industrial personnel specialists confirms fact that industry cannot presently satisfy its demand for engineers. Also noted is growing unrest among top industry thinkers as to cause of the shortage and its solution. Feeling is that the problem has not been traced back far enough. Blame has been laid most often on doorstep of nation's schools... but now pressure is growing to fix home and parental role in failure of nation to produce an adequate supply of highly trained technicians.

Argument is that parents are real cause of shortage, in that they discourage children from pursuing difficult subjects vital to pre-engineering or science training. Look for more talk of this in coming months. It may be important element in future reports on engineer shortage drafted by committee named by President Eisenhower to study problem.

Are we overrating the technical mind?

That charge has been raised; you'll hear more talk of it. Those raising charge say we should not lose sight of need for men in business who have broad, cultural education. They contend this background is particularly important in preparing men to handle corporate problems involving people—the fulcrum on which successful management turns—and to resolve problems involving broad political and social issues.

Fact is industry needs both... the specialists and the generalists. But competition with Russia makes quest for engineers one that cannot be overemphasized, at least in terms of present and short-term future need.

You don't have to be "BIG BUSINESS" to have big-business BENEFITS for your employees

Do you have 10* to 24 employees? Travelers Special Group and Special Employee plans afford you an opportunity to offer your employees insurance protection formerly available only through employment with larger concerns.

For the employee:

Life insurance doubling in event of accidental death. Weekly indemnity for loss of time through non-occupational accident or sickness. And now Group Pensions.

For employee and his dependents:

Hospital, surgical, and medical benefits. Laboratory, X-ray, supplemental accident and polio benefits. And now Major Medical Expense insurance.

See your Travelers agent soon for full details.

*Minimum of 15 employees required in Florida

THE TRAVELERS

INSURANCE COMPANIES, HARTFORD 15, CONNECTICUT

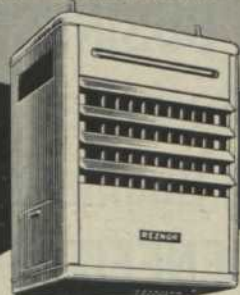


*All forms of business
and personal insurance including Life •
Accident • Group • Fire • Marine
Automobile • Casualty • Bonds*

REZNOR GAS UNIT HEATERS

Your best heating investment!

lower installation costs



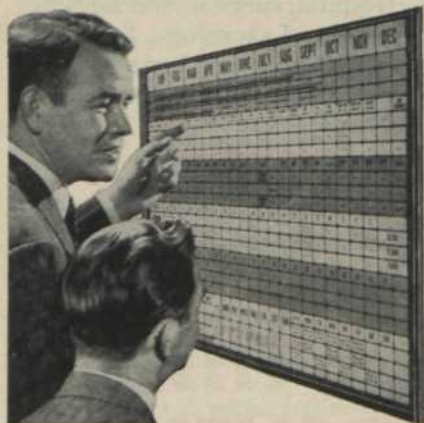
New building or old, it costs much less to install Reznor gas unit heaters than any type of central heating. Only suspension, gas and electrical connections and simple venting are required. You don't have to pay expensive labor to fool with ducts and registers or steam pipes and radiators.

These completely automatic packaged units are ideal as primary, supplemental or replacement heating for commercial and industrial buildings. Call your nearby Reznor dealer or distributor (he's listed under "Heaters-Unit" in the yellow pages of your telephone directory) or write for details.

REZNOR
THE WORLD'S LARGEST-SELLING
GAS UNIT HEATERS

Reznor Mfg. Co., 23 Union St., Mercer, Pa.

You Get Things Done With Boardmaster Visual Control



- ☆ Gives Graphic Picture of Your Operations—Spotlighted by Color
- ☆ Facts at a glance — Saves Time, Saves Money, Prevents Errors
- ☆ Simple to operate — Type or Write on Cards, Snap in Grooves
- ☆ Ideal for Production, Traffic, Inventory, Scheduling, Sales, Etc.
- ☆ Made of Metal. Compact and Attractive. Over 100,000 in Use

Complete price **\$49.50** including cards

FREE

24-PAGE BOOKLET NO. T-50
Without Obligation

Write for Your Copy Today

GRAPHIC SYSTEMS

55 West 42nd Street • New York 36, N. Y.

BUDGET: SPENDING

continued from page 31

debt is at an all-time peak, eating up 10 per cent of the total outlay in the new budget. It has crept up from \$6.8 billion in the past fiscal year to an estimated \$7.3 billion this year and \$7.4 billion next year. Current tight money policies, increasing the cost of federal borrowing, make this interest outlay almost certain to rise for the next few years.

► The budget okays the start of several new subsidized shipbuilding projects—a new superliner, an atomic merchant ship, several smaller ships. But there's practically no money in the \$71.8 billion total for these ships. This spending will come later. Said the President: "Expenditures for ship construction will not increase substantially until the fiscal year 1959, primarily because of the long period required to get work under way."

► Many public works programs promise big spending in the future. In addition to highways and the Upper Colorado River project, the new budget envisages the start of 30 new resource projects. Spending on them in the coming year would be only \$12 million, but their ultimate cost will be more than \$300 million.

► The new federal flood insurance program, which could run into billions of dollars, is down for only \$50 million in next year's budget.

► Veterans spending, going up even without any liberalization of individual payment levels, will continue to mount as more veterans become older and eligible for pensions, or, as they die, their survivors become eligible.

In addition to all these already-authorized programs, many others which the Administration will seek to have authorized this year are represented in the 1958 budget by insignificant amounts in comparison to their total costs. For example, spending of only \$1 million projected in fiscal 1958 for the \$156 million Frying Pan-Arkansas project, which the Administration is asking Congress to approve this year. The Administration's proposed four year program of aiding school construction involves \$1.3 billion of federal grants. But only \$185 million of spending is counted on in the 1958 year.

"Other new spending programs," reports the Council of State Chambers of Commerce, "include aid to labor surplus areas, construction grants to medical and dental schools for training facilities, grants to states

for developing programs to meet enrollment increases beyond the high school level, grants to states for strengthening industrial safety programs; also, legislation to alleviate the shortage of teachers, to improve educational opportunities for the mentally retarded, and for the prevention and control of juvenile delinquency.

"All of these programs would start with relatively modest outlays, but some would likely lead to eventual expenditures in the hundreds of millions of dollars."

The Administration is by no means the only source of spending ideas. Congress has never been averse to launching spending projects on its own.

In many cases right now, sizable blocs of senators and representatives have plans for upping the proposals being advanced by the Administration.

Democrats in the past have raised defense appropriations beyond the amounts requested by the Pentagon, and talk about doing so again. Many Democrats are backing a more ambitious school program than the President's—\$600 million a year in federal grants for six years, compared to his proposal of \$325 million a year for four years.

The White House has suggested a \$50 million federal program for aiding areas of chronic unemployment. Most observers think Congress will multiply this four or five times. The Administration asks \$15 million a year for medical school teaching facilities; a bipartisan Capitol bloc says the total should be at least \$50 million a year.

The President has included in his budget \$100 million for liberalized payments to disabled veterans, but veterans groups are ready to push for a far more expensive schedule of benefits for all veterans—disabled and nondisabled.

Many new spending programs not in the budget at all right now probably will be there by the end of the session.

A Pentagon committee has just come up with a military pay and allowance scheme that would boost military pay costs some \$750 million a year.

Federal employees, one of the most potent lobbying groups in Washington, are seeking substantial new pay raises.

Lawmakers from all parts of the country are pressing for new reclamation, river deepening, power and other expensive resources projects. Congress is almost certain to pass this year a bill, similar to one vetoed last year, authorizing between \$1 billion and \$2 billion of new public



GRAVELLY Gets It Done Faster! . . . Better!

New Steering Sully, with Rotary Mower Attachment, provides the easiest, most efficient mowing ever!

With Gravely, you fit your jobs perfectly with a choice of 30 performance-proved attachments . . . Do every lawn and garden job better, faster, easier!

All-gear drive, power reverse, optional electric starter. Nation-wide sales and service . . . Easy Payment Plan.

Write today for FREE 24-page "Power vs Drudgery" Booklet.

GRAVELLY TRACTORS, INC.

BOX 335 DUNBAR, W. VA.

FIELD-TESTED SINCE 1922



An Answer to every Wraps Problem

Welded steel Valet Racks keep wraps dry, airy and "in press" . . . end unsanitary locker room conditions . . . save floor space—fit in anywhere . . . standard in all strictly modern offices, factories, hotels, clubs, schools, churches, institutions or wherever there is a wraps problem.



Write for Catalog '60.

VOGEL-PETERSON CO.
1121 West 37th St. • Chicago 9, Ill.

How HIGH TENSION And These Ailments Make Each Other Worse:



It is now well known how often strains of modern living lead to serious gastro-intestinal disorders, from stomach ailments to colitis, constipation, and hemorrhoids. Equally important is the way these bodily ailments aggravate nervous tension and catch victims up in a "vicious circle." Now a world-famous clinic tells its methods for helping patients correct the bodily ailments and relieve some serious causes of "tension troubles." This book may be vital to you. If you are suffering from this common combination of nerve strain and gastro-intestinal troubles, write for yours—address McCleary Clinic and Hospital, 362 Elms Blvd., Excelsior Springs 6, Mo.

works spending. Many farm state lawmakers of both parties propose more federal aid for corn growers, cotton growers, farmers in the drought-stricken southwest, and other farm groups.

Senators and Representatives have served notice they'll push for more spending on shipbuilding, airports, small business and other programs.

Although spending under the long-term highway program is just getting under way, pressures are already building to add to the projected 41,000 mile network—at, of course, higher costs.

Congress only last year liberalized Social Security to provide, among other things, payments to disabled workers at age 50; members are already talking about lowering this age, which would naturally mean more spending.

Where does this leave us? Is there no possibility of spending cutbacks to balance against the spending increases?

There will be some economies, of course. The Administration will make some further cuts in its proposed budget. Congress will trim a little here and there from the appropriations requests; it always does. The budgetary outlook and public pressure may force adoption of more of the money-saving proposals of the Hoover Commission. But all present indications are that these economies will be more than offset by the forces making for higher spending unless those who favor economy can make a united effort to get it.

The outlook was pretty well summarized by Mr. Brundage in testimony before congressional committees recently.

He told one committee he was fearful that 1958 spending would end up higher—not lower than projected. He told another that he doubted the 1959 budget, on which the Administration is just beginning work, could be cut below the 1958 budget. In fact, he indicated, he was worried that the 1959 budget would be higher still.

What does all this do to the outlook for tax cuts? Mr. Brundage has offered one hope. The high level of spending, he said, does not entirely rule out tax relief in a year or two.

"I think," he explained, "if we are able to hold our expenditures in the \$70 billion to \$72 billion range, our economic growth will provide substantial surpluses and enable consideration of tax reductions in 1958 or 1959."

The Administration that wants to hold expenditures in that range has its work cut out for it. Powerful forces are pushing spending up.

—CHARLES B. SEIB

Enough coverage is important!



NEW YORK LIFE'S EMPLOYEE PROTECTION PLAN

designed for firms with 5 or more employees

... gives employer and employee these modern 3-way benefits:

1

Life Insurance

Payable at death to beneficiary. Accidental death benefit optional.

2

Weekly Indemnity Benefit

Payable for total disability due to non-occupational accident or sickness. Different amounts and benefit periods available.

3

Medical Care Benefits

To help meet hospital, medical and surgical expenses due to non-occupational accident or sickness. Several benefit schedules available for insured employees and their dependents.

Ask your New York Life agent for information now, or write to address below.

Individual policies or a group contract may be available, depending upon number of employees and applicable state law.

NEW YORK LIFE INSURANCE COMPANY

51 Madison Avenue, New York 10, N. Y.

A Mutual Company **nylic** Founded in 1845

The New York Life Agent in Your Community is a Good Man to Know

NEW KIND OF CASH REGISTER FOR SMALL BUSINESS!

Clary performs like registers costing up to 3 times as much!

Handles every kind of retail transaction - a complete business system. Gives you documentary, day-by-day tax and bookkeeping records.

Doubles as an adding machine for figuring markups, pay roll, inventory.

Look for Clary under "cash registers" in your yellow pages today.



BUSINESS MACHINES DIVISION
Clary Corporation, San Gabriel, California

HOW TO MAKE MONEY BUYING POLYETHYLENE Packaging



BEST WAY TO MAKE MONEY IS TO SAVE MONEY!

You can save money buying Kennedy polyethylene packages.

It's simple logic. Kennedy engineers designed a "hot wire" sealing device which turns out polyethylene products at higher speed—lower cost. The net result is passed on to you... the customer.

If you use flexible polyethylene packages or specialties in any form, it will pay to call Kennedy (offices in 19 cities) for a quotation.

Kennedy
CAR LINER AND BAG CO., INC.
SHELBYVILLE 9, INDIANA

Send this ad with your letterhead and representative will call.

Canadian plant: Woodstock, Ont.

ADVERTISERS IN THIS ISSUE • MARCH 1957

	PAGE		PAGE
Aeco Products, Inc.	110	Heyer Corp.	95
LaPorte & Austin, New York		Frank C. Jacobi, Chicago	
Adgiff Company, Division of Scripto, Inc. 74		Home Insurance Company.	15
Liller, Neal & Battle, Atlanta		Albert Frank-Guenther Law, N. Y.	
Aero Mayflower Transit Company.	71	Indiana Desk Company.	78
Caldwell, Larkin & Sidener- Van Riper, Indianapolis		Keller-Crescent, Evansville	
Air Express, Division of		Inter-Continental Trading Corp.	51
Railway Express Agency.	11	LaPorte & Austin, New York	
Robert W. Orr, New York		International Harvester Co.	18, 19
Airtemp Div. of Chrysler Corp.	63	Young & Rubicam, Chicago	
Grant Advertising, Dayton		International Harvester Co.	86, 87
American Credit Indemnity Company.	104	Aubrey, Finlay, Marley & Hodgson, Chicago	
VanSant, Dugdale, Baltimore		International Tel. & Tel. Corp.	93
American Tel. & Tel. Co. (LL).	1	J. M. Mathes, New York	
N. W. Ayer, Philadelphia		Kennedy Car Liner & Bag Company.	116
American Tel. & Tel. Co. (Class.).	73	Strand, Moore & Strand, Kankakee	
Cunningham & Walsh, New York		Kentile, Inc.	4th cover
American Tel. & Tel. Co. (Inf.).	117	Benton & Bowles, New York	
N. W. Ayer, Philadelphia		Lily Tulip Cup Corp.	75
Apso Products, Inc.	108	Grey Advertising, New York	
Julian R. Besel, Los Angeles		Listo Pencil Corp.	110
Armco Drainage & Metal Products.	89	Brisacher, Wheeler, San Francisco	
N. W. Ayer, Philadelphia		McCleary Clinic.	115
Association of American Railroads.	101	Potts-Woodbury, Kansas City	
Benton & Bowles, New York		Marsh Stencil Machine Company.	111
Baltimore & Ohio Railroad.	79	Roman Advertising, St. Louis	
Richard A. Foley, Philadelphia		May, George S., Company.	2nd cover
Bay West Paper Company.	72	Allan Marin, Chicago	
Klau-Van Pietersom-Dunlap, Milwaukee		Missouri, State of.	72
Blue Cross-Blue Shield Commission.	64, 65	Potts-Woodbury, Kansas City	
J. Walter Thompson, Chicago		National Gypsum Company.	61
Bruning, Charles, Company, Inc.	53	Batten, Barton, Durstine & Osborn, New York	
H. W. Kaster, Chicago		Neenah Paper Company.	62
Burroughs Corp.	109	Burnet-Kuhn, Chicago	
Campbell-Ewald, Detroit		New York Life Insurance Company.	115
Business Electronics, Inc.	94	Compton Advertisina, New York	
Don L. Burgess, San Francisco		Onan, D. W., & Sons, Inc.	109
Butler Manufacturing Company.	14	Graves & Associates, Minneapolis	
Aubrey, Finlay, Marley & Hodgson, Chicago		Parade Publications, Inc.	17
Cardmaster Company.	94	Calkins & Holden, New York	
Grant, Schwenck & Baker, Chicago		Peerless Photo Products.	70
Carrier Corp.	90, 91	John Mather Lupton, New York	
N. W. Ayer, Philadelphia		Pennsylvania, Commonwealth of.	24
Cast Iron Pipe Research Association.	6	Kastor, Farrell, Chesley & Clifford, New York	
H. B. Humphrey, Alley & Richards, New York		Pennsylvania Railroad.	49
Celanese Corp. of America.	57	Al Paul Lefton, Philadelphia	
Ellington & Company, New York		Pitney-Bowes, Inc.	51, 105
Chamber of Commerce of the U. S. 102, 103		L. E. McGivena, New York	
Direct		Puerto Rico, Commonwealth of.	95
Chamber of Commerce of the U. S.	92	Ogilvy, Benson & Mather, New York	
Gray & Rogers, Philadelphia		Quaker State Metals Company.	77
Chesapeake & Ohio Railway.	12, 13	Foltz-Wessinger, Lancaster	
Robert Conahay, New York		Quantity Photos, Inc.	108
Clary Corp.	116	Sylvan Pasternak, Los Angeles	
Erwin, Wasey, Los Angeles		Recordak Corp.	67
Colorado, State of.	111	J. Walter Thompson, New York	
Ball & Davidson, Denver		Remington Rand.	23
Currier Manufacturing Company.	94	Paris & Peart, New York	
Frizzell Advertising, Minneapolis		Reznor Manufacturing Company.	114
Cushman Motor Works.	72	Kight Advertising, Columbus	
Ayres, Swanson, Lincoln		Rhode Island Dev. Council.	94
Dodge, F. W., Corp.	107	Bo Bernstein, Providence	
G. M. Basford, New York		Schieffelin & Company.	52
Dow Chemical Company.	27	Donahue & Coe, New York	
MacManus, John & Adams, Bloomfield Hills		Sheldon Claire Company.	112
Dow, Jones & Company, Inc.	109	Kolb & Abraham, Chicago	
Batten, Barton, Durstine & Osborn, New York		Smith-Corona, Inc.	10
Eastman Kodak Company (Verifax).	45	Cunningham & Walsh, New York	
J. Walter Thompson, New York		Standard & Poor's Corp.	110
Eaton Paper Company.	59	Edwin Bird Wilson, New York	
Anderson & Cairns, New York		Staplex Company.	78
Equitable Life Assurance Society.	4, 5	Lee Keeler, Philadelphia	
Kenyon & Eckhardt, New York		Studebaker-Packard Corp. (Truck Div.).	66
Executone, Inc.	16	Benton & Bowles, New York	
Joseph Katz, New York		Texas Company.	28
Fairchild Engine & Airplane Corp.	2	G. M. Basford, New York	
Gaynor, Colman, Prentiss & Varley, New York		Tower Press, Inc.	111
Farquhar, A. B., Div. of Oliver Corp. ..	94	Ambassador Advertising, Lynn	
Foltz-Wessinger, Lancaster		Travelers Insurance Company.	113
Frigidaire Div. of General Motors Corp. .	50	Young & Rubicam, New York	
Kircher, Helton & Collett, Dayton		Tropical Paint Company.	58
Graphic Systems, Inc.	114	Fred M. Randall, Detroit	
Diener & Dorskind, New York		Union Carbide & Carbon Corp. ...	3rd cover
Gravely Tractors, Inc.	115	J. M. Mathes, New York	
Albert D. Williams, Charleston		Union Pacific Railroad.	46
Hamilton Manufacturing Corp.	76	Caples Company, Chicago	
Caldwell, Larkin & Sidener- Van Riper, Indianapolis		Vogel-Peterson Company.	115
Hardway Mutuals.	20	Ross Llewellyn, Chicago	
Roche, Williams & Cleary, Chicago		Westinghouse Electric Corp.	54, 55
Harford Fire Insurance Company Group	47	McCann-Erickson, New York	
Marschalk & Pratt, New York		Zenith Radio Corp. (Hearing Aid Div.).	108
		MacFarland, Aveyard, Chicago	
		Zippo Manufacturing Company.	56
		N. W. Ayer, Philadelphia	

Telephone Lines for 1487-mile Pipeline

Telephone companies provide tailored communications service for natural gas pipeline to Pacific Northwest

One of the great construction projects of recent years was completed just a few months ago.

It's the Pacific Northwest Pipeline, popularly known as the "Scenic Inch" because of the rugged, picturesque territory through which it passes.

This 1487-mile pipeline now runs from the producing fields in New Mexico to the Canadian border of Washington by way of Portland, Oregon, and Seattle, Washington. It carries vitally needed fuel to the last sections of the United States that did not have natural gas.

Such a pipeline requires constant supervision and automatic control, and reliable communications are extremely important.

After long study, Fish Northwest Constructors, Inc., acting as agents for Pacific Northwest Pipeline Corporation, selected telephone company facilities based on cost, reliability, availability of alternate routing and experience in specialized service. Voice communication is in use now; teletyping, teletypewriter and other services are in the future.

The furnishing of such private line service by telephone companies has grown rapidly in recent years and offers many opportunities for the future. New services are constantly being developed to meet particular needs.



DRILLING FOR GAS

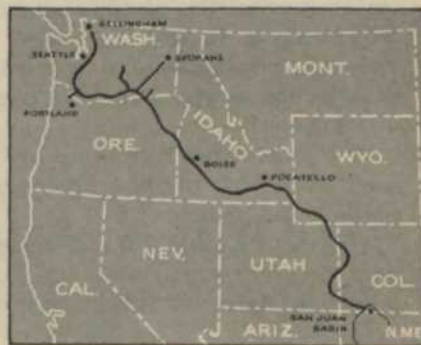
Rotary rig drilling for natural gas in the San Juan basin, New Mexico. This is a major source of supply for the Pacific Northwest Pipeline.

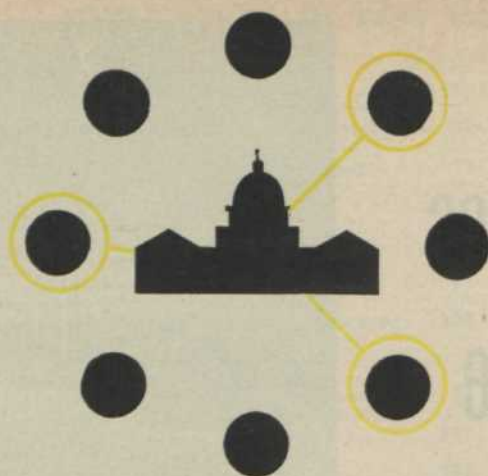


RUGGED COUNTRY

Fish Northwest Constructors' photograph taken as they were laying the pipeline across the Powder River, near Baker, Oregon, at 15° below.

PIPELINE ROUTE. Communication facilities along the route are provided by the Mountain States Telephone & Telegraph Company, the Pacific Telephone and Telegraph Company and the Bell System's Long Lines Department, in co-operation with the General Telephone Company of the Northwest and the Midland Telephone Company of Moab, Utah.





GOVERNMENT SELECTS ITS RESPONSIBILITIES

In "A Republican Looks at His Party," widely regarded as the best expression of the New Republican Party's political philosophy, Arthur Larson has this sentence: "... when the federal government elects to refrain from actual control of some area of important activity it does so, not with the idea of leaving a vacuum, but with the idea that the job should and will be done by state, local or private efforts."

This is a significant rewriting of the Tenth Amendment to the Constitution which says: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively or to the people."

Obviously President Eisenhower had Mr. Larson rather than the Constitution in mind when he said that federal spending must be high so long as the people demand and deserve the kind of services the budget for the next fiscal year provides.

It is not necessary to agree with the propriety of this choice to understand the daring of it. Adherence to the Larson doctrine as Mr. Eisenhower has interpreted it will require executive wisdom closely approaching omnipotence.

The Administration has committed itself to know certainly what the people demand, to decide whether they deserve it, and to define what constitutes a vacuum at the state, local or private level. The matter of what the service would cost seems no longer to be a criterion.

The federal determination to "control"—Mr. Larson's word—our public school expenditures shows the perils of this policy.

Specifically, the Administration demands a four-year program which calls for \$1.3 billion of federal grants to states for school construction, federal pur-

chase of \$750 million of local school bonds and other assistance. The proposition that children deserve good schools is undebatable.

But translating this to mean that the people demand and deserve federal intervention in local school affairs requires a large measure of political license.

It requires the Administration to assume that the people—states, cities and school districts—who are making inadequate efforts in education actually do demand good schools and deserve to have someone bring them to them.

It requires the assumption that the people who really demand good schools, and are building them at a rate which shows that the vacuum Mr. Larson abhors does not exist, also demand the right to contribute their tax money to the building of schools elsewhere.

This somehow seems unlikely.

In spite of this, school intervention maintains a high place on an Administration program dedicated to "decentralization of power geographically back to the geographical units where it is best exercised," "preserving the soundness of our money," and "preserving the initiative of our people."

It is taking up executive time which might be more usefully spent in analyzing what it is the people actually do demand and deserve.

Such analysis might show that the people demand and deserve a reduction in federal income taxes. The government might find a way to include this among the services it could provide and still "have respect for the kind of economy, for the institutions that have brought us to where we are today with our productivity, our power and our advance in every type of civilization on the intellectual, the educational, the health, physical and moral side..."



The sun that never sets

FOR YEARS, movie makers have relied on the powerful carbon arc to light their motion picture studio sets. It gives them brilliant, man-made "sunlight" for use when and where it is needed.

Recently, Union Carbide—a pioneer in carbon-arc lighting—perfected a new yellow flame carbon arc for use in color photography. It gives off a perfectly balanced light which brings out true colors on today's sensitive film. This development has been recognized by the award of an "Oscar," symbol of highest achievement in the motion picture industry.

But the carbon arc is not limited to studio lighting alone. Its intense beam is also used to project the tiny picture on the film to the breathtaking realism and depth you see on theatre screens.

Many more uses of this amazing light have been developed—duplicating the effect of sunlight on new paint and textile colors . . . or analyzing the basic composition of a great many different materials. The scientists of Union Carbide will continue their research efforts to find new and better ways to make carbon serve all of us.

FREE: Learn how Union Carbide products and research help satisfy basic human needs. Write for "Products and Processes" booklet K.

UNION CARBIDE
AND CARBON CORPORATION

30 EAST 42ND STREET  NEW YORK 17, N. Y.

In Canada: UNION CARBIDE CANADA LIMITED, Toronto

UCC's Trade-marked Products include

NATIONAL Carbons	PREST-O-LITE Acetylene	SYNTHETIC ORGANIC CHEMICALS	ELECTROMET Alloys and Metals
PRESTONE Anti-Freeze	LINDE Oxygen	HAYNES STELLITE Alloys	Dynel Textile Fibers
EVEREADY Flashlights and Batteries	BAKELITE, VINYLITE, and KRENE Plastics	PYROFAX Gas	UNION CARBIDE Silicones
CRAC Agricultural Chemicals			



© 1957, Kentile, Inc.

Smart office above is modern as tomorrow! Corktone is used in two shades on walls; 4 shades on floor.

Now! A great new improvement in low-cost KENTILE® asphalt tile gives you a smoother surface—brighter colors!

Now that long-wearing Kentile asphalt tile is better than ever, it's just plain smart business to choose this flooring for your office, store, or lobby. It costs so little, yet you get so much. A finer, smoother surface, brighter colors, and greater light reflectance. Offers you lasting savings in wear and easy maintenance, too. In your choice of three styles (Corktone, Marbleized, Carnival). Shouldn't you give your office a *new* look now? For details, just phone your local Kentile Flooring Contractor. He's listed under FLOORS in your Classified Phone Directory.

KENTILE FLOORS

AVAILABLE IN ASPHALT TILE • VINYL ASBESTOS
SOLID VINYL • CUSHION-BACK VINYL • RUBBER
AND CORK TILE . . . OVER 150 DECORATOR COLORS!